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BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, JULY 6, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO

ABSENT: SUPERVISOR BIERMAN

CLERK: MARY L. RED

1. File 100-94-13. [Budget for Fiscal Year 1994-95] Hearing on 1994-95 Budget of the City and County of San Francisco. (Supervisors Hsieh)

ACTION: Hearing held. Consideration continued to July 13, 1994.

2. File 127-94-5.1. [Real Property Transfer Tax] Ordinance amending Section 1102 of the Real Property Transfer Tax Ordinance to increase the tax rate to \$5.00 from \$2.50 for each \$500 of Consideration or value of the property conveyed for transfers in which the consideration or value of the property conveyed exceeds \$250,000. (Supervisor Bierman)

ACTION: Hearing held. Supervisor Alioto not in favor of this ordinance, however, consented to send to Board with vow to find other ways to balance budget. RECOMMENDED to Board July 25, 1994 for public hearing at 3:00 p.m.

3. File 190-94-4. [Parking Meter and Street Cleaning Penalties] Resolution amending the penalties for expired parking meter and street cleaning violations of the San Francisco Traffic Code. (Supervisor Hsieh)

ACTION: Recommended to Board "WITHOUT RECOMMENDATION". Supervisor Alioto is not in favor of this resolution.

4. File 206-94-2. [Contribution to Housing Authority] Resolution authorizing contribution by City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving payments in lieu of taxes for fiscal years, 1990-91, 1991-92, and 1992-93. (Supervisor Kennedy)

ACTION: Hearing held. Consideration continued to July 20, 1994.

5. File 127-94-1.1. [Firearms and Ammunition Business Tax] Ordinance amending Part III of the San Francisco Municipal Code by amending Section 905-A of Article 12A and Sections 1003, 1004.17, 1004.18, and 1005.3 of Article 12-B to make technical changes and to change the effective date of recent changes affecting businesses selling firearms and ammunition from January 1, 1994 to January 1, 1995. (Supervisor Migden)

ACTION: Recommended to Board "WITHOUT RECOMMENDATION". Supervisor Alioto is not in favor of this ordinance.

6. File 27-94-3. [Airport Departure Tax, International Flights] Hearing to consider the feasibility of establishing a departure tax on all international flights leaving from and arriving at San Francisco International Airport and the potential revenues such a tax could raise. (Supervisors Alioto, Kennedy)

(Continued from 6/8/94)

ACTION: Consideration continued to September 21, 1994.

7. File 97-94-22. [General Assistance Terminal Illness Exemption] Ordinance amending Administrative Code by adding Section 20.56.14 relating to eligibility of individuals who are terminally ill. (Supervisors Leal, Alioto, Bierman, Hsieh)

ACTION: Amendment of the Whole (as presented by Supervisor Leal's staff) adopted; further amended to reflect Budget Analyst recommendations in title. New title: "Ordinance amending Administrative Code by adding Section 20.56.14 relating to eligibility of individuals who are terminally ill; ratifying and affirming the provision of the General Assistance to all terminally ill individuals for whom the General Manager of the Department of Social Services has previously approved aid."
RECOMMENDED AS AMENDED. (Supervisor Hsieh added as cosponsor)

8. File 279-94-3. [Hold Harmless, Courthouse Construction, Novelact] Resolution authorizing hold harmless agreements with Novelact (USA) Ltd., pertaining to nuisance claims, property damage or personal injury from construction of the new San Francisco courts building. (Supervisor Alioto)

ACTION: Consideration continued to July 13, 1994.

9. File 279-94-4. [Hold Harmless, Courthouse Construction, Novelact] Resolution authorizing a hold harmless agreement with Novelact (USA) Ltd., owner of real property at 512 Van Ness Avenue, pertaining to excavation, shoring and other construction activities for the new San Francisco courts building. (Supervisor Alioto)

ACTION: Consideration continued to July 13, 1994.

10. File 101-93-118. [Appropriation, Superior & Municipal Courts] Ordinance appropriating \$9,722,458, Superior and Municipal Courts, courthouse construction funds for capital improvement project for fiscal year 1993-94; placing \$9,321,080 on reserve. RO #93309 (Supervisor Alioto)

ACTION: Consideration continued to July 13, 1994. (Supervisor Alioto added as sponsor)

11. File 161-91-3.2. [Redevelopment Agency Budget – 1991-92] Resolution approving an amendment to the Budget of the Redevelopment Agency of the City and County of San Francisco for Fiscal Year 1991-92. (Supervisors Shelley, Leal, Alioto, Hsieh)

ACTION: Amended to reflect Budget Analyst recommendations (See file for details). New title: "Resolution approving an amendment to the Budget of the Redevelopment Agency of the City and County of San Francisco for Fiscal Year 1991-92 to allow funding projects other than property acquisition, business loans, and public space improvements from the one million dollar 24th Street Revitalization Program allocation in amounts to be determined by the Agency and requiring the Agency to report to the Board of Supervisors the uses of the unspent remaining funds." RECOMMENDED AS AMENDED. (Supervisors Alioto and Hsieh added as cosponsors).

12. File 96-94-2. [Disposal of Vintage Equipment at Pier 72] Resolution approving the San Francisco Municipal Railway's request to declare surplus, with the intent to turn over to the City Purchaser for disposal, up to 37 Presidents' Conference Cars, otherwise known as PCCs, 4 California type Cable Cars, and 6 Obsolete Motor Coaches, through the Public Utilities Commission Resolution No. 94-0034. (See File 7-88-4, Ordinance No. 398-88) (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

13. File 28-94-12. [Emergency Repair, Laguna Honda Hospital Generator] Resolution approving payment for the emergency repair of the generator at Laguna Honda Hospital. (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

14. File 47-94-7. [Sutter-Stockton Garage Rate Change] Resolution approving the elimination of the Early Bird Rate at the Sutter-Stockton Garage. (Department of Parking and Traffic)

ACTION: Amended to reflect Budget Analyst recommendations (See file for details). New title: "Resolution approving the elimination of the Early Bird Rate at the Sutter-Stockton Garage; and providing for a six-month status report from Uptown Parking Corporation to Parking and Traffic Department." RECOMMENDED AS AMENDED.

15. File 82-94-5. [Noise Easements, Add 36/Delete 3, South S.F.] Resolution authorizing the acquisition of 36 additional noise easements and the deletion of 3 noise easements in the City of South San Francisco in their Phase VIII Program. (Airports Commission)

ACTION: RECOMMENDED.

16. File 101-93-124. [Appropriation, CAO, \$222,000] Ordinance appropriating \$222,000 Chief Administrative Officer, of seismic safety loan funds for bond issuance costs (legal and consulting services) related to the Seismic Safety Loan Program for fiscal year 1993-94. RO #93326 (Controller)

ACTION: Amendment of the Whole changing fiscal year from "1993-94" to "1994-95" adopted. New title: "Ordinance appropriating \$222,000 Chief Administrative Officer, of seismic safety loan funds for bond issuance costs (legal and consulting services) related to the Seismic Safety Loan Program for fiscal year 1994-95." RECOMMENDED.

17. File 38-94-8. [Gift Acceptance, Grave Sites] Resolution accepting gift from Skylawn Memorial Park of 64 grave sites, and related services, valued in an amount in excess of \$217,000 and thanking Skylawn Memorial Park for its gift. (Supervisor Migden)

ACTION: RECOMMENDED

18. File 38-94-9. [Gift Acceptance, Burial Vaults] Resolution accepting gift from Christy Vault Company of 45 burial vaults, valued in an amount in excess of \$10,000 and thanking Christy Vault Company for its gift. (Supervisor Migden)

ACTION: RECOMMENDED.

19. File 38-94-10. [Gift Acceptance, Burial Caskets] Resolution accepting gift from McAvoy O'Hara Company and Evergreen Mortuary of ten burial caskets and related services, valued in an amount in excess of \$10,000 and thanking McAvoy O'Hara Company and Evergreen Mortuary for their gift. (Supervisor Migden)

ACTION: RECOMMENDED.

20. File 60-94-12. [Special Election 11/8/94, General Obligation Bonds] Ordinance calling and providing for a Special Election to be held in the City and County of San Francisco on Tuesday, November 8, 1994, for the purpose of submitting to the voters of the City and County of San Francisco propositions to incur the following bonded debts of the City and County of the acquisition, construction, or completion by the City and County of San Francisco of the following municipal improvements; to wit: one hundred ninety-five million six hundred thousand dollars (\$195,600,000) for construction and reconstruction of correctional facilities to replace the existing San Bruno Jail facilities; forty-one million seven hundred thirty thousand dollars (\$41,730,000) for construction and reconstruction of certain improvements to the Old Main Library; thirty-eight million three hundred fifty thousand dollars (\$38,350,000) for construction and reconstruction of certain improvements to City Hall; that the estimated cost to the City and County of San Francisco of said municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County of San Francisco and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such municipal improvements; fixing the date of the election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on said and providing for the levy and collection of taxes to pay both principal and interest thereof; prescribing notice to be given of such election; consolidating the Special Election with the General Election; and providing that the election precincts, voting places and officers for election shall be the same as for such General Election. (Supervisor Alioto)

ACTION: Amended on page 4 to reflect Budget Analyst recommendations (See file for details). Same title. RECOMMENDED AS AMENDED. (Supervisor Alioto added as sponsor)

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ATTN: Jane Judson

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

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JUL 5 1994

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July 1, 1994

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: July 6, 1994 Budget Committee Meeting

Item 1 - File 100-94-13

This is a hearing on the 1994-95 Budget of the City and County of San Francisco.

On June 30, 1994, the Budget Committee approved a recommended 1994-95 budget for submission to the Board of Supervisors on July 18, 1994. This hearing has been calendared to conduct any followup discussion or actions which might be needed.

Item 2 - File 127-94-5.1

1. This item is a proposed ordinance amending Section 1102 of the Real Property Transfer Ordinance to increase the tax rate from \$2.50 per \$500 (\$5.00 per \$1,000) to \$5.00 per \$500 (\$10.00 per \$1,000) of value of property conveyed for transfers in which the value of the property exceeds \$250,000.

2. As previously reported by the Budget Analyst, the last time the Real Property Transfer Tax changed was in 1967 when it increased from \$1.10 per \$1,000 to the current level of \$5.00 per thousand. The attached table provides a survey of Real Property Transfer Tax rates in other Bay Area jurisdictions.

3. The Controller has provided the following estimate of increased revenue that would result from this proposed tax increase.

	Annual (12 Month) <u>Revenue</u>	Nine Months Revenue in <u>1994-95*</u>
Additional Revenue Produced by an Increase from \$5.00 per \$1,000 to \$10.00 per \$1,000	\$15,070,000	\$11,302,500
Effect of Exemption for Properties Valued at \$250,000 or Less	<u>(2,200,000)</u>	<u>(1,650,000)</u>
Net Additional Revenue	\$12,870,000	\$9,652,500

* Assumes collections of the increased Real Property Transfer taxes will begin on October 1, 1994.

The Budget Analyst has reviewed the estimate by the Controller and concurs that the increased revenue for Fiscal Year 1994-95 would be \$9,652,500.

Recommendation: The proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Real Property Transfer Tax Rates

<u>County</u>	<u>tax per thousand</u>	<u>City</u>	<u>tax per thousand</u>	<u>Combined tax per thousand</u>
Alameda	\$1.10	Alameda	\$5.40	\$6.50
		Albany	\$6.40	\$7.50
		Berkeley	\$15.00	\$16.10
		Oakland	\$15.00	\$16.10
		Piedmont	\$13.00	\$14.10
		San Leandro	\$6.00	\$7.10
Contra Costa	\$1.10	Richmond	\$7.00	\$8.10
		San Pablo	\$7.00	\$8.10
		El Cerrito	\$7.00	\$8.10
Los Angeles	\$1.10	Los Angeles	\$4.50	\$5.60
Sacramento	\$1.10	Sacramento	\$2.75	\$3.85
San Mateo	\$1.10	San Mateo	\$5.00	\$6.10
Santa Clara	\$1.10	San Jose	\$3.30	\$4.40
		Mountainview	\$3.30	\$4.40
		Palo Alto	\$3.30	\$4.40
San Francisco				\$5.00

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 190-94-4

Department: Department of Parking and Traffic (DPT)

Item: Resolution amending the penalties for expired parking meter and street cleaning violations of the San Francisco Traffic Code.

Description: The proposed legislation would increase fines for both expired parking meters and street cleaning violations from the current level of \$20 to \$25.

Increased Revenue: The Controller estimates that the increase in fines would result in additional revenues for 1994-95 in the amount of approximately \$2.66 million, based on ten months (starting date of 9/1/94). On an annual (12 month) basis, the increased revenue would amount to approximately \$3.2 million. The Budget Analyst concurs with the Controller's revenue estimate.

Comments:

1. Parking fine revenue is now dedicated to the Muni Railway Operating Fund. Since the Municipal Railway requires a General Fund subsidy to balance its budget, the parking fine revenues are essentially General Fund monies. At the present time, the proposed State budget includes reduced funding for State Transit Assistance (STA) which is expected to decrease State funding for the Muni in the amount of approximately \$2.1 million in 1994-95.
2. If this resolution is approved, the increased revenue of \$2.66 million to the Muni would offset the reduction in STA revenue (\$2.1 million) and also permit an additional reduction in the City's General Fund subsidy to the Muni by \$560,000.

Recommendation: The proposed resolution is a policy matter for the Board of Supervisors

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 4 - File 206-94-2

1. This item is a resolution that would authorize a contribution by the City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving Payments In Lieu of Taxes (PILOT) for fiscal years, 1990-91, 1991-92 and 1992-93.

2. As stated in a cooperative agreement between the City and County of San Francisco and the San Francisco Housing Authority (SFHA) dated January 21, 1965, the SFHA public housing developments are exempted from all real and personal property taxes and special assessments collected by the local tax collector. However, in place of that exemption, the SFHA has agreed to make alternative payments referred to as "payments in-lieu of taxes" (PILOT) annually which equal 10 percent of the total rents charge to SFHA public housing development tenants during the fiscal year.

3. As provided for in the Housing Act of 1937, municipal government can require local housing authorities to render a PILOT in order to allow compensation to local governments for general municipal services that benefit public housing residents such as police, fire, recreation and health services.

4. Prior to Fiscal Year 1982-83, the SFHA paid its PILOT obligations when funds were available. Between 1983-84 and 1989-90 the Board of Supervisors, at the request of the Mayor, waived the SFHA annual PILOT obligation due to financial difficulties claimed by the SFHA and reviewed by the Budget Analyst. The amount of PILOT payments waived during this seven year period totaled approximately \$4.2 million.

5. In May of 1990, the SFHA again requested, through the Office of the Mayor, that the Board of Supervisors waive its PILOT for 1990-91. However, this request was not forwarded to the Board of Supervisors for approval. Although the Board of Supervisors did not approve the waiver for 1990-91, the SFHA did not budget the needed amount for the anticipated PILOT payment in their annual budget for operating funds with the U. S. Department of Housing and Urban Development (HUD). Such funds were not needed in previous years because the PILOT obligation had been waived by the Board of Supervisors.

6. For the next three years 1991-92 through 1993-94, the Board of Supervisors did not waive the PILOT and the SFHA did not budget the estimated cost of the PILOT obligation in their annual HUD program budgets. In total, the four most recent annual HUD funding requests did not budget PILOT funds even though no waiver of the PILOT obligation had been approved by the Board of Supervisors for those four years.

7. The SFHA did subsequently request the Mayor on February 2, 1993 to seek Board of Supervisors approval to waive the PILOT for 1991-92 after that budgeted year had already been completed. In that request, the SFHA did not refer to the fact that the previous SFHA request to waive the PILOT for 1990-91 was still pending.

BOARD OF SUPERVISORS
BUDGET ANALYST

8. On November 12, 1993 the SFHA advised the Budget Analyst that their request for a waiver of the 1992-93 PILOT had not yet been submitted because the actual PILOT computation could not be completed until after the end of the SFHA's fiscal year on September 30, 1993. On February 14, 1994 the SFHA submitted a request for that waiver totaling \$613,932, but again did not refer to the fact that two previous SFHA requests for waivers were still pending.

Comments

1. The Budget Analyst completed a management audit of the San Francisco Housing Authority in November 1993. Included in that audit is a recommendation that the SFHA immediately pay its prior PILOT obligations that have accumulated over the past three years and which are owed to the General Fund and to other Funds and Jurisdictions including the Open Space Acquisition Fund, Children's Fund, County Superintendent of Schools, the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District. Those amounts are currently estimated to be:

<u>Fiscal Year</u>	<u>City's General Fund</u>	<u>Other Funds and Jurisdictions</u>	<u>Total Payment</u>
1990-91	\$612,232	\$88,116	\$700,348
1991-92	538,800	77,550	616,350
1992-93	<u>529,015</u>	<u>84,917</u>	<u>613,932</u>
Totals	\$1,680,047	\$250,583	\$1,930,630

2. The \$250,583 is divided among these Other Funds and Jurisdictions as follows: Open Space Acquisition Fund - \$48,262; Children's Fund - \$7,674; County Superintendent of Schools - \$1,880; San Francisco Unified School District - \$148,643; San Francisco Community College District - \$27,887; Bay Area Air Quality Management District - \$4,025; and Bay Area Rapid Transit District - \$12,212.

3. Since the completion of the SFHA Management Audit report, the SFHA has estimated the PILOT payment for FY 1993-94 which is \$592,140. The \$592,140 is an additional amount due and owed to the City and would be distributed as follows: General Fund - \$502,835; Open Space Acquisition Fund - \$14,804; Children's Fund - \$14,804; County Superintendent of Schools - \$576; San Francisco Unified School District - \$45,588; San Francisco Community College District - \$8,553; Bay Area Air Quality Management District - \$1,235; and Bay Area Rapid Transit District - \$3,745.

4. Although the SFHA has reported an operating reserve balance of \$9.2 million as of September 30, 1992, which could be used to pay its PILOT obligation for the last several years, the SFHA advised the Budget Analyst in responding to the management audit of the Budget Analyst that "further reductions in the operating reserve balance could seriously undermine the financial stability of the SFHA" which could result in their re-designation as a "troubled" housing authority. The Budget Analyst believes such a statement is inaccurate and higher misleading.

5. The SFHA reports a current reserve balance of \$8.7 million and the 1994-95 Operating Budget would reduce that reserve by \$2.5 million from \$8.7 million to \$6.2 million. Based on the HUD procedure which calculates the operating reserve indicator for the Public Housing Management Assessment Program (PHMAP) certification, which is one of 12 performance indicators to determine if a housing authority is "standard" or "troubled", the SFHA would have a 31.2 reserve percentage and score 7 out of 10 points for that indicator. If the SFHA deducted \$1.9 for its PILOT obligation from the remaining \$6.2 million reserve leaving \$4.3 million in order to pay its PILOT for FY's 1990-91, 1991-92 and 1992-93, the SFHA would have a 21.6 reserve percentage and still score 7 out of 10 points. Under these circumstances the payment of \$1.9 million from the SFHA reserve would have no current effect on the SFHA's current PHMAP scoring for the reserve indicator.¹

6. The SFHA reserve of \$6.2 million (prior to paying the PILOT) as a percentage of their total operating expenditures of \$40,708,750 for FY 1994-95 is 15.2 percent. This is substantially higher than the City's recommended General Fund Reserve of \$10.0 million which is 0.7 percent of the City's total General Fund budget of \$1,371,888,960. In comparison the SFHA reserve percentage is 21.7 times greater. If the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million, as the result of making the \$1.9 million PILOT payment, the remaining reserve would be 10.6 percent of the SFHA's total operating expenditures. This would still be 15.1 times greater than the City's percentage of General Fund reserve to the City's total General Fund budget for FY 1994-95.

7. The SFHA further responded to the Budget Analyst's management audit report that a portion of the approximately \$1.8 million paid annually by the SFHA to the San Francisco Police Department for supplemental police services in public housing developments during the three fiscal years in question actually paid for routine services. The SFHA responds that the Police Department was supposed to have provided these services at no cost to SFHA.

8. The Chief of Police has provided a letter on this matter dated June 28, 1994 (Attachment). Chief Ribera advises that "While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively." In addition, Chief Ribera states that "This contract provides approximately \$1.8 million dollars annually for supplemental policing in this critical area of need: public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost."

9. The Budget Analyst continues to recommend that the SFHA should immediately pay from existing SFHA reserves its past PILOT obligations for Fiscal Years 1990-91, 1991-92, and 1992-93 for an estimated total of \$1,930,630 of which \$1,680,082 would be deposited into the General Fund and \$250,548 would be paid to other jurisdictions as identified above in Comment 1. According to its proposed HUD

¹PHMAP ratings for Operating Reserves include (1) 40% and over = 10 points, 20% to 39% = 7 points, under 20% = 0 points.

Low Income Operating Budget for FY 1994-95, the SFHA will reduce its overall staff by 53 administrative positions by October 1, 1994. However, the 1994-95 proposed HUD budget indicates only a \$880 reduction in salaries. The Budget Analyst has requested more information on proposed salaries but Mr. Eugene Jones of the SFHA advises that SFHA is too busy to provide such detail. Under these circumstances, and based on an average salary and benefit cost of \$48,000 per position, the SFHA could transfer \$1,908,000 (based on nine months) in administrative costs (excluding overhead) to its operating reserve or to other needed activities. The reduction of 53 administrative positions for the nine month period October 1994 - June 1995 would make up 98.8 percent of the needed PILOT payments for FY's 1990-91, 1991-92 and 1992-93 (\$1,908,000 divided by \$1,930,630).

10. On June 30, 1994, the Budget Committee submitted the City's 1994-95 budget to the full Board of Supervisors based on a final package of \$12.8 million in revenues, including a 1994-95 PILOT payment by the SFHA of \$600,000.

11. As stated above in Comment 6, even if the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million in order to pay the PILOT for FY's 1990-91, 1991-92 and 1992-93, the remaining reserve percentage would still be 15.1 times greater than the City's percentage of its General Fund Reserve to the City's total General Fund budget.

Recommendations

1. Disapprove the proposed resolution which would waive the PILOT payments totaling \$1,930,630 from SFHA of which \$1,680,082 would be paid to the City's General Fund and \$250,548 would collectively paid to the Open Space Acquisition Fund (\$48,262), the Children's Fund (\$7,674), the County Superintendent of Schools (\$1,880), the San Francisco Unified School District (\$148,643), the San Francisco Community College District (\$27,887), the Bay Area Rapid Transit District (\$4,025) and the Bay Area Air Quality Management District (\$12,212).

2. Immediately demand payment from the SFHA for the FY's 1990-91, 1991-92, 1992-93 and 1993-94 PILOT payments in the estimated amount of \$2,522,770 (\$1,930,630 plus \$592,140) which is due and owed to the City and to other Funds and Jurisdictions.



POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

ANTHONY D. RIBERA, Ph.D.
CHIEF OF POLICE

June 28, 1994

The Honorable Tom Hsieh
Board of Supervisors
City and County of San Francisco
City Hall, Room 235
San Francisco, CA 94102

Dear Supervisor Hsieh:

It has been brought to my attention that you are concerned about possible problems with the supplemental policing agreement between the Housing Authority and the San Francisco Police Department.

While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively.

This contract provides approximately 1.8 million dollars annually for supplemental policing in this critical area of need; public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost.

I am hopeful this extremely beneficial arrangement for the protection of the citizens of San Francisco will continue.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Ribera".

ANTHONY D. RIBERA
Chief of Police

LR/fs

cc: Ken Bruce

0958G/55

Item 5 - File 127-94-1.1

Item: Ordinance amending Part III of the San Francisco Municipal Code by amending Section 905-A of Article 12A and Sections 1003, 1004.17, 1004.18 and 1005.3 of Article 12-B (the "Firearms and Ammunition Business Tax") to make technical changes and to postpone the effective date of the tax change effecting businesses selling firearms and ammunition from January 1, 1994 to January 1, 1995.

Description: The proposed ordinance would amend the Firearms and Ammunition Business Tax as approved by the Board of Supervisors and the Mayor in May, 1994 to (a) postpone implementation of this tax from January 1, 1994 to January 1, 1995, and (b) make technical changes.

The San Francisco Municipal Code, Part III, Article 12A, Section 905-A was amended in May, 1994 to exclude businesses selling firearms and ammunition from the Small Business Tax exemption. Sections 1004.17, 1004.18 and 1005.3 of Article 12-B were amended to establish a new business classification for firearm and ammunition sales and to increase the Gross Receipts tax rate for this classification from a range of 0.15 to 0.30 percent to three percent as of January 1, 1994 on the total gross receipts received of all merchandise sold (including firearms and ammunition and all other goods sold) by businesses which sell firearms and ammunition.

According to an April, 1994 analysis by the Tax Collector's Office, 18 San Francisco businesses licensed to sell firearms and ammunition filed 1993 taxes, three of which exclusively sold firearms and ammunitions. The analysis by the Tax Collector's Office of the 1993 tax filings from the 18 businesses with gun permits estimated an increase in tax revenues of \$504,264 under the new tax.

According to the original amendment, any business that engages in firearms and ammunition sales is now classified under Section 1004.18 as Firearms/Ammunition Sales. Thus, any business that includes firearms and ammunition as even a minor part of its inventory is required to pay the increased Gross Receipts Tax on receipts from all sales on or after January 1, 1994. The Tax Collector's Office estimated that tax revenues from declared gun dealers in San Francisco are projected to increase by \$125,950 from \$8,764 in 1993 to \$134,714, in 1994. Tax revenues from businesses that sell firearms and ammunition in addition to other merchandise are projected to increase by \$378,314 from \$44,735 in 1993 to

BOARD OF SUPERVISORS
BUDGET ANALYST

\$423,049 in 1994. The total estimated increase in tax revenues is \$504,264 (\$125,950 plus \$378,314).

The projected increase in tax revenues estimated by the Tax Collector's Office assumes that none of the businesses with gun dealer permits in 1993 either move out of San Francisco or discontinue the sale of firearms and ammunition. The actual increase in tax revenue due to the Firearms and Ammunition Business Tax may be lower than the estimated \$504,264 noted above since some businesses may choose to discontinue sales of firearms and ammunition to avoid paying the higher Gross Receipts tax rate on all sales. This is more likely to happen in the case of businesses for which firearms and ammunition sales represent a small proportion of total sales.

The impact of the proposed ordinance would be to delay any increase in tax revenues from the Firearms and Ammunition Tax to the City until fiscal year 1995-96 as a result of postponing the implementation of the tax from January 1, 1994 to January 1, 1995.

Comments:

1. One goal of the Firearms and Ammunition Business Tax when it was approved by the Board of Supervisors in May, 1994, according to Mr. Dana Van Gorder, was to discourage the sale of firearms and ammunition in San Francisco. Since the tax applied to all sales of a business that sells firearms and ammunition as part of its inventory (even if the sale of firearms and ammunition comprised a small percentage of total sales), it was believed that certain businesses that only sold a small number of firearms and/or ammunition relative to total sales might discontinue the sale of firearms in order to avoid paying a significantly higher tax on all sales.

2. According to Mr. Van Gorder, Orvis, a large retail store in San Francisco, has requested that the implementation of the Firearms and Ammunition Business Tax be delayed for one year. Reportedly, Orvis primarily sells clothing and outdoor supplies, and also sells a very small number of firearms each year. It does, however, have a large inventory of firearms. The store intends to stop selling firearms as a result of the new tax, since the company's revenues from non-firearm products are quite high and the increase in taxes as a result of the reclassification of its business would reportedly be very costly. Since the tax was approved by the Board of Supervisors in May 1994 with the effective date retroactive to January 1, 1994, this company indicated that it would have a very high tax burden in 1994 because it was not able to eliminate firearms and ammunition from its sales and inventory prior to the implementation of the tax.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. The technical amendments adding definitions for the terms "firearm" and "firearm ammunition" to Article 12-A were included in this proposed ordinance to ensure that these terms are construed to have the same meaning in Article 12-A, which pertains to the Payroll Expense Tax, as they do in Article 12-B, which pertains to the Gross Receipts Tax. The proposed additions of paragraphs (b) and (c) to Section 905-A (regarding the Payroll Expense Tax) are the same as currently appear in Section 1004.18 (b) and (c) regarding the Gross Receipts Tax. According to Ms. Julia Friedlander of the City Attorney's Office, this technical amendment is for clarification and would result in no change in the application or effect of the ordinance.

4. Postponing the implementation of the Firearms and Ammunitions Business Tax from January 1, 1994 to January 1, 1995 would result in no increase in tax revenues to the City until fiscal year 1995-96. According to Ms. Anne Jenkins of the Controller's Office, the projected increase in tax revenues of approximately \$504,264 attributed to the Firearms and Ammunition Business Tax was not included in the 1994-95 budget, so that postponing the implementation of the tax for one year will not result in a revenue shortfall for the City in fiscal 1994-95.

Recommendation: The proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 6 - File 27-94-3

Note: This item was continued by the Budget Committee at its meeting of June 8, 1994.

This item is a hearing to consider the feasibility of establishing a departure tax on all international flights leaving from and arriving at San Francisco International Airport (SFO) and the potential revenues such a tax could raise.

The following is a summary of the potential revenues from instituting an Airport Departure Tax and Federal restrictions on the use of these revenues.

An Airport Departure Tax, also known as a Passenger Facility Charge (PFC) may be charged (\$1 to \$3 per passenger) on domestic and international departures provided under the Federal Aviation Safety and Capacity Expansion Act of 1990. The Airport has previously reported to the Budget Analyst that the PFC cannot be assessed on non-revenue passengers including airline employees and their families and those passengers using frequent flier tickets.

The Federal legislation requires that any revenues generated through a PFC must be used specifically to enhance the capacity, safety, or security of the air transportation system, promote competition, reduce noise or expand passenger facilities. In addition, airports must also meet Federal noise standards, which are less stringent than those noise standards currently imposed for SFO. This Federal legislation also requires airports to apply to the Secretary of Transportation to impose a PFC. A PFC may only be imposed if the Secretary of Transportation makes affirmative findings that the amount and duration of the proposed PFC would be necessary to fund specific PFC eligible projects. Also according to Federal legislation, none of the revenues generated from a PFC may return to the City's General Fund, but rather these revenues must be used specifically for the types of capital improvement projects which are outlined above.

According to Mr. John Martin of the Airport, although there are also restrictions on the transfer of revenues to the General Fund under the Airport's existing landing fee agreement, Mr. Martin advises that Federal law requires PFC revenues to be used for specific types of Airport capital improvement projects only and, therefore, the revenues from such PFC charges cannot be transferred to the City's General Fund.

Mr. Martin reports that approximately 16 million passenger departures, including non-revenue passenger departures, occur annually from SFO. However, Mr. Martin was unable to specify the annual number of non-revenue passenger departures from SFO. Therefore, the total annual revenues generated for the Airport would be somewhat less than the range of \$16 million to \$48 million, depending on the charge per passenger which would be assessed (\$1 to \$3 per passenger) and depending on the number of non-revenue passengers.

Item 7 - File 97-94-22

Department: Department of Social Services (DSS)

Item: Ordinance amending the Administrative Code by adding Section 20.56.14 relating to eligibility for General Assistance of individuals who are terminally ill; and ratifying actions previously taken by the General Manager of the Department of Social Services.

Description: The proposed ordinance would provide exemptions from two existing General Assistance eligibility requirements for individuals who are terminally ill. The proposed ordinance would add the following new exemptions to the City's General Assistance Ordinance for persons who have obtained medical verification that their life expectancy is six months or less:

(1) Under the California Welfare and Institutions Code, recipients of General Assistance must be legal residents of the County in which they apply for aid. Under the proposed ordinance, individuals who are terminally ill would not be required to provide documentation of their "legal status" in the United States.

(2) Under the City's General Assistance Ordinance in the Administrative Code, applicants who own vehicles valued at more than \$1,800 are ineligible for General Assistance. Under the proposed ordinance, individuals who are terminally ill would be exempt from this provision, and therefore would be permitted to own a vehicle valued at more than \$1,800, without becoming ineligible for General Assistance. However, to qualify for this exemption, the applicant would be required to demonstrate (a) that he or she is "physically and/or mentally unable to use public transportation," and (b) that the vehicle is necessary to obtain medical treatment.

In addition to amending the General Assistance eligibility requirements for individuals who are terminally ill, the proposed ordinance would ratify and affirm the provision of General Assistance to all terminally ill individuals for whom the General Manager of DSS has previously approved aid.

Comments: 1. Ms. Sally Kipper, Assistant General Manager of the Department of Social Services, estimates that there are approximately 100 General Assistance clients in any month who are terminally ill and who are not legal residents of the United States. She indicates that most of these GA clients are terminally ill because of AIDS. At the current monthly GA

BOARD OF SUPERVISORS
BUDGET ANALYST

grant for a single individual of \$345, Ms. Kipper estimates that the fiscal impact of providing General Assistance to such persons is approximately \$414,000 annually (100 persons per month x \$345 x 12 months).

However, Ms. Kipper advises that the DSS General Manager has previously authorized the provision of GA aid to such persons as a matter of discretion, and that the estimated \$414,000 annual cost of such aid to terminally ill persons is already being paid. Therefore, the proposed ordinance would not result in new costs for General Assistance above DSS' current level of expenditures for GA aid, according to Ms. Kipper.

2. Ms. Kipper reports that the proposed ordinance would primarily benefit terminally ill persons who are not legal residents of the United States, rather than persons owning vehicles valued at more than \$1,800. Ms. Kipper reports that, to her knowledge, DSS has not previously provided aid to terminally ill persons whose vehicle, if any, is valued at more than \$1,800. The exemption for vehicle ownership is included in the proposed ordinance in order to ensure that terminally ill persons will not be deprived of aid if their vehicle is valued at more than \$1,800, and the vehicle is needed to obtain medical treatment. However, Ms. Kipper reports that the fiscal impact of the vehicle ownership exemption for terminally ill persons is expected to be negligible.

3. The title of the proposed ordinance does not reflect that the proposed ordinance would ratify and affirm the provision of General Assistance to all terminally ill individuals for whom the General Manager of DSS has previously approved aid, and should be amended.

- Recommendations:**
1. Amend the title of the proposed ordinance to reflect that the proposed ordinance would ratify and affirm the provision of General Assistance to all terminally ill individuals for whom the General Manager of DSS has previously approved aid.
 2. Approval of the proposed ordinance, which would authorize General Assistance for terminally ill persons who would not otherwise qualify for aid, at an estimated annual cost of \$414,000, is a policy matter for the Board of Supervisors.

Items 8 and 9 - Files 279-94-3 and 279-94-4

Department: Chief Administrative Officer (CAO)/Real Estate Department

Item: Resolution authorizing hold harmless agreements with Novelact (USA) Ltd. pertaining to nuisance claims, property damage, or personal injury from construction of the new San Francisco Courts building (File 279-94-3).

Resolution authorizing a hold harmless agreement with Novelact (USA) Ltd., owner of real property at 512 Van Ness Avenue, pertaining to excavation, shoring, and other construction activities for the new San Francisco Courts building (File 279-94-4).

Description: The Chief Administrative Officer and the Trial Courts are currently engaged in planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is scheduled to begin on or about August 1, 1994, with excavation scheduled to begin approximately October 1, 1994 and construction of the new County Courthouse to begin approximately March 1, 1995. The construction of the Courthouse is being coordinated by the Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

File 279-94-3

As part of the construction project, the CAO and the Courthouse Construction Committee have entered into an agreement with Novelact (USA) Ltd., which owns the Corinthian Court Apartments at 512 Van Ness Avenue, which are adjacent to the construction site. This agreement, dated June 23, 1994, "sets forth the understanding and agreements between the CAO, on behalf of the City and County of San Francisco, and the Courthouse Committee, and Novelact (USA) Ltd.,... with respect to the proposed construction of a Courthouse... adjacent to the Corinthian Apartments." The agreement reflects that it has been entered into in order to minimize the disruption associated with the Courthouse project to the current and future residents of the Corinthian Apartments.

This agreement contains a hold harmless provision which includes the following statement:

BOARD OF SUPERVISORS
BUDGET ANALYST

The City and County of San Francisco shall defend, protect, and hold harmless Novelact (USA) Ltd., its officers, directors, partners, employees, and agents, from and against all "losses... related to common law or statutory nuisance (as defined in Civil Code Section 3479), property damage, or personal injury, arising out of or in connection with the demolition of structures [at the construction site] or construction of a facility for the Superior and Municipal Courts on these lots; provided, however, that the City's obligations under this provision do not extend to losses resulting either from a preexisting dangerous or defective condition on Novelact's property or from the sole negligence or willful misconduct of Novelact, its officers, directors, partners, employees, and agents."

The proposed resolution (File 279-94-3) would authorize the hold harmless clause referenced above which is contained in the June 23, 1994 agreement among the CAO, the Courthouse Committee, and Novelact (USA), Inc.

File 279-94-4

In addition, the agreement of June 23, 1994, contemplates a License Agreement for excavation, shoring and other construction activities, between the City and Novelact (USA) Inc. This agreement would provide for Novelact, as the owner of the Corinthian Apartments, to grant a license to the City to enter onto the Corinthian Apartments in order to perform necessary excavation, shoring and underpinning work, to remove the cornice of the Corinthian Apartments building, and to perform other construction related work as required, subject to the principles set forth in the June 23, 1994 agreement. As of the writing of this report, a License Agreement had not been negotiated or agreed to between the City and Novelact.

The proposed resolution (File 279-94-4) would authorize the Director of Property, on behalf of the City and County, "to enter into an appropriate hold harmless agreement with Novelact for the purpose of providing for the City and County's entry onto the Corinthian Property to perform excavation, shoring, underpinning, or other necessary or appropriate construction work... subject, however, to the written approval as to form by the City Attorney and written recommendation by the Courthouse Construction Committee with respect to such [hold harmless] agreement."

Therefore, there is not a specific hold harmless agreement for excavation activities which would be authorized by the

proposed resolution (File 279-94-4); rather, the proposed resolution would authorize the Director of Property to enter into "an appropriate hold harmless agreement" under the License Agreement to gain entry to the Corinthian Apartments to perform the required excavation, shoring, and underpinning activities.

- Recommendations:**
1. Approval of the proposed resolution (File 279-94-3), which would authorize the hold harmless agreement cited above which is contained in the agreement of June 23, 1994 between the CAO and Novelact (USA) Ltd., is a policy matter for the Board of Supervisors.
 2. Approval of the proposed resolution (File 279-94-4), which would authorize the Director of Property to enter into "an appropriate hold harmless agreement with Novelact for the purpose of providing for the City and County's entry onto the Corinthian Property to perform excavation, shoring, underpinning, or other necessary or appropriate construction work," is a policy matter for the Board of Supervisors.

Item 10 - File 101-93-118

Department: Superior and Municipal Courts

Item: Ordinance appropriating \$9,722,458 of Courthouse Construction Funds for capital improvement project of the Superior and Municipal Courts for fiscal year 1993-94, placing \$9,321,080 on reserve.

Source of Funds Courthouse Construction Fund. This fund consists of surcharges on civil and probate filing fees, parking fines, and criminal fines. The balance of the fund as of July 1, 1994 is \$10,544,793. If this request is approved, the balance of the fund would be \$832,335.

Amount: \$9,722,458

Description: The Chief Administrative Officer and the Trial Courts are currently engaged in planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is scheduled to begin on or about August 1, 1994, with excavation scheduled to begin approximately October 1, 1994 and construction of the new County Courthouse to begin approximately March 1, 1995. The construction of the Courthouse is being coordinated by the Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

The proposed ordinance would appropriate \$9,722,458 for the Courthouse construction project. Specifically, the CAO's Office reports that these funds would be used to pay the demolition and excavation costs of the project. Additional funds in an estimated amount of \$42 million will be required to commence the construction of the Courthouse, which is scheduled to begin approximately March 1, 1995. Funds for construction are expected to be obtained from the issuance of Certificates of Participation, which would be repaid from the Courthouse Construction Fund.

Budget: The CAO has submitted the following project budget for the preliminary stages of the Courthouse construction project:

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 7, 1994

Site Acquisition

Pioneer Museum - Acquisition*	\$4,725,000
Pioneer Museum - Relocation	175,000

*The City would purchase the Pioneer Museum at 456 McAllister Street from the Society of California Pioneers, since the Museum currently occupies the site of the new County Courthouse.

Demolition

City Planning - Demolition Permit	100
Demolition Contracts	410,000

Excavation

Excavation, shoring, and underpinning	1,740,000
Toxics/hazardous soils abatement	686,250

Construction Fees

Construction Management	1,320,000
Building permits	136,200
Plan checks	88,530

Other Services

Art Commission	
Art Enrichment Program	250,000
City Planning Fees and Services	
Parking Variance	126,924
Rezoning, Master Plan, and Landmarks Review	19,454
Certificate of Appropriateness	<u>5,000</u>

Subtotal:	\$9,682,458
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Abatement of Corinthian Apartments	<u>40,000</u>
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Total Requested	\$9,722,458
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Comments:

1. The CAO reports that demolition and excavation at the site of the new Courthouse cannot begin until after the Board of Supervisors has adopted the Final Environmental Impact Report (EIR) for the Courthouse construction project. A proposed resolution adopting the EIR is expected to be heard by the Budget Committee on July 13, 1994.

In addition, as of the writing of this report, the Budget Analyst had not had a sufficient opportunity to review the proposed budget which was submitted by the CAO for the proposed \$9.7 million supplemental appropriation request to begin site

BOARD OF SUPERVISORS
BUDGET ANALYST

acquisition, excavation and demolition and other related activities at the Courthouse construction site.

Therefore, the Budget Analyst recommends that, of the total \$9,722,458 supplemental appropriation request, \$9,682,458 which has been requested for excavation and demolition activities should be placed on reserve pending (1) the adoption of the EIR by the Board of Supervisors and (2) further review of the proposed budget submitted by the CAO for site acquisition, demolition, excavation and other related activities.

2. Regarding the \$40,000 shown above for abatement of the Corinthian Apartments, the CAO has entered into an agreement with Novelact (USA) Ltd., owners of the Corinthian Apartments located at 512 Van Ness Avenue, to mitigate the impact of the Courthouse construction on the Corinthian Apartment residents (see Items 8 and 9, Files 279-94-3 and 279-94-4 of this report). This agreement, dated June 23, 1994, provides as follows:

The CAO... will recommend that the Board of Supervisors approve an appropriation ordinance by July 18, 1994 or soon thereafter, authorizing the City and the Courthouse Committee to expend the amount of \$40,000 for the purpose of assisting Novelact in addressing the concerns of the residents of the Corinthian apartments regarding noise from construction activities and the loss of direct sunlight into and views from the east facing windows resulting from construction of the Courthouse. If that appropriation is approved by the Board of Supervisors, the City and the Courthouse Committee will pay the \$40,000 to Novelact in a single payment on or about July 22, 1994..."

Of the \$40,000 requested appropriation, \$35,000 would be used by Novelact for the express purpose of purchasing, constructing or installing various improvements, such as skylights, air conditioning units, decorative glass, landscaping, or sound-proofing, which would mitigate the effects of the Courthouse construction on the residents of the Corinthian Apartments. The remaining \$5,000 would be provided to Novelact to offset indirect costs, such as management, consultant, or legal fees, associated with the construction project and the purchase and installation of the improvements referenced above.

3. In order to provide \$40,000 to fulfill the CAO's agreement with Novelact (USA) Inc. of June 23, 1994, the Budget Analyst recommends that \$40,000 of the \$9,722,458 requested be

BOARD OF SUPERVISORS
BUDGET ANALYST

appropriated at this time. As noted above, the remaining \$9,682,458 for excavation, demolition and other related activities should be placed on reserve pending (1) adoption of the Environmental Impact Report by the Board of Supervisors and (2) further review of the proposed \$9,682,458 in expenditures for these activities.

4. The proposed resolution currently provides that \$9,321,080 should be placed on reserve, rather than the \$9,682,458 recommended by the Budget Analyst.

Recommendations: 1. Amend the proposed ordinance at page 1, line 3, and page 1, line 18 to substitute "\$9,682,458" in place of "\$9,321,080," as the amount of funds which should be placed on reserve; and,

2. Approve the proposed resolution, as amended.

Item 11 - File 161-91-3.2

Department: San Francisco Redevelopment Agency (SFRA)

Item: Resolution approving an amendment to the Redevelopment Agency's FY 1991-92 budget.

Description: In April of 1992, the Board of Supervisors approved an amendment to the SFRA's FY 1991-92 budget to appropriate \$1 million for the 24th Street Commercial Revitalization and Economic Development Program. The 24th Street Commercial Revitalization and Economic Development Program was established to assist the community in revitalizing the 24th Street commercial corridor between Potrero and Valencia Streets. At that time, in conjunction with the 24th Street Revitalization Committee, the SFRA proposed to use \$1 million as follows:

Property Acquisition	\$720,000
Small Business Loans	240,000
Public Space Improvements	<u>40,000</u>
Total	\$1,000,000

Property Acquisition consists of providing funding to non-profit organizations to purchase vacant or blighted commercial buildings along the 24th Street corridor and renovate them for other retail uses. The SFRA solicited proposals from non-profit organizations for Property Acquisitions and only received proposals for \$400,000 of the \$720,000 budgeted for Property Acquisition leaving \$320,000 in unspent 24th Street Commercial Revitalization and Economic Development funds. According to the SFRA, the 24th Street Revitalization Committee has requested that the \$320,000 be reallocated to marketing and business development activities such as parades, street fairs, special events, and contracts for business development services. If the Board of Supervisors does not approve of the proposed amendment, the \$320,000 could be reprogrammed for other redevelopment activities, but it could not be transferred to the City's General Fund.

The proposed resolution would amend the SFRA FY 1991-92 budget to authorize the SFRA to expend the \$320,000 on projects other than property acquisition, business loans, and public space improvements for the 24th Street Revitalization Program provided that those projects are approved by a community appointed Community Development Investment Fund Committee and the SFRA's Citywide Loan Committee. The SFRA's Citywide Loan Committee consists of the SFRA

BOARD OF SUPERVISORS
BUDGET ANALYST

Director, the Director for the Mayor's Office of Housing and the
Director of the Mayor's Office of Community Development.

Comments:

1. The State Community Redevelopment Law requires the Board of Supervisors to approve amendments to the SFRA's budget.

2. According to State Community Redevelopment Law, the SFRA's approved project budgets remain intact until the project is complete. As such, because the 24th Street Commercial Revitalization and Economic Development Program has not yet been completed and since the funds for that program were appropriated in FY 1991-92, the proposed resolution would amend to the SFRA's FY 1991-92 budget.

3. As previously noted, the specific alternative uses of the \$320,000 proposed funding have not yet been determined. As such, the Budget Analyst recommends that if the proposed resolution is approved, the proposed resolution should be amended to require the SFRA to report back to the Board of Supervisors about the specific uses for the \$320,000.

Recommendation: Approval of the proposed resolution is a policy matter or the Board of Supervisors. If the Board of Supervisors approves this resolution, amend the proposed resolution to require the SFRA to report back to the Board of Supervisors about the specific uses for the \$320,000 as noted in Comment 3 above.

Item 12 - 96-94-2

Department: Public Transportation Commission Municipal Railway
(MUNI)

Item: Resolution approving the Municipal Railway's request to declare as surplus, with the intent to turn over to the City Purchaser for disposal, of up to 37 Presidential Conference Cars (PCCs), four California type cable cars, and six obsolete Motor Coaches.

Description: On November 1, 1993 MUNI staff developed a plan to clean the leased warehouse at Pier 72 and manage the storage of goods and equipment. MUNI staff inventoried the equipment at Pier 72 and recommended that 37 PCC streetcars, four California-type cable cars, and six obsolete Motor Coaches be disposed.

The Public Utilities Commission, which previously had jurisdiction over the Municipal Railway, authorized MUNI to declare these vehicles as surplus, with the intent to turn such vehicles over to the City Purchaser for disposal, in February, 1994. In order for MUNI to sell or dispose of a vehicle, it must first be declared as surplus. In addition, pursuant to Section 10.90 of the San Francisco Administrative Code, the Board of Supervisors must approve any disposal of "vintage" transit equipment. "Vintage" means more than 25 years old. The above mentioned vehicles range in age from 39 to 97 years old.

According to Mr. Phil Chin at MUNI, the four California-type cable cars included in this proposed resolution are estimated to be from 1907 to 1911, and are in a non-repairable state. The six motor coaches, ranging from 1940 to 1955 models, would be stripped for usable parts and sold as scrap. The PCCs are from 1948 and 1951. MUNI reports it has received inquiries from other parties regarding surplus cable cars and PCCs, indicating that there are opportunities to either sell the vehicles or at least have a purchaser pay transportation costs incurred in the acquisition of the vehicles.

Comments: 1. Mr. Chin reports that the additional storage space at the Pier 72 warehouse is needed for a variety of reasons. MUNI will be replacing several types of vehicles in the next few years, which will require moving the old vehicles into storage as the new vehicles are put into operation. To minimize the need for additional warehouse space, MUNI would like to create more storage space at the Pier 72 warehouse by disposing of the above mentioned vehicles.

BOARD OF SUPERVISORS
BUDGET ANALYST

One such vehicle replacement project involves 52 new Light Rail Vehicles, which are scheduled to arrive in 1995. The old Boeing Standard Light Rail Vehicles (LRVs) will be moved into storage when the new LRVs arrive. The Green Light Rail Center, located at 425 Geneva Street, is the primary storage area for operational and non-operational LRVs. The Green Light Rail Center can accommodate a maximum of 142 LRVs. Pier 72 is planned as a temporary storage site for the LRVs, according to Mr. Chin.

Mr. Chin also reports that MUNI is moving out of its Ways and Structures facility at 24th Street and Utah Avenue, and may need additional storage space as a result of the relocation.

Recommendation: Approve the proposed resolution.

Item 13 - File 28-94-12

Department: Department of Public Health (DPH),
Laguna Honda Hospital (LHH)

Item: Resolution approving payment for the emergency repair of the generator at Laguna Honda Hospital.

Amount: \$104,573

Source of Funds: General Engineering and Machine Works or supplemental FEMA grant funds (See Comment below)

Description: Laguna Honda Hospital reports that on April 12, 1994 LHH's recently reconstructed emergency generator failed during a routine test which caused significant engine damage. On April 20, 1994, the LHH declared that an emergency existed due to the damaged emergency generator. According to the proposed resolution, LHH is required under State law to maintain emergency power generation capability.

In accordance with Section 6.30 of the City's Administrative Code, LHH initiated an expedited contracting procedure to acquire a contractor to repair the emergency generator. LHH selected Sierra Detroit Diesel Allison to perform the necessary repair work, which cost \$104,573. LHH's emergency generator is a Detroit Diesel Generator and Sierra Detroit Diesel Allison is the local authorized company that repairs Detroit Diesel Generators. Sierra Detroit Diesel Allison is neither a MBE nor a WBE. Sierra Detroit Diesel Allison completed the repair work on May 2, 1994.

Comment: According to Mr. Anthony Wagner, Executive Administrator of LHH, because the emergency generator was recently reconstructed at a cost of \$716,003, the general contractor responsible for that reconstruction, General Engineering and Machine Works located in San Francisco, may be responsible for the emergency generator's failure and may therefore also be liable for some or all of the \$104,573 cost to the City to repair it. According to Mr. Tony Leung of the Department of Public Works, the City is withholding \$20,000 that the City owes General Engineering and Machine Works for work completed on the emergency generator until the City receives payment for some or all of the \$104,573 cost to repair the emergency generator. If General Engineering and Machine Works does not pay the \$104,573 cost to repair the emergency generator, according to Mr. Tony Flores of the City Attorney's Office, the City could seek reimbursement through the courts.

BOARD OF SUPERVISORS
BUDGET ANALYST

Mr. Wagner advises that the proposed resolution is a contingency payment mechanism. Mr. Wagner reports that if the general contractor is not responsible for paying any portion of the \$104,573, LHH will use part of a recently approved supplemental FEMA grant funding of \$290,000 which was to fund the construction of the building that houses the emergency generator and to reconstruct the generator. General Engineering and Machine Works did not repair the emergency generator because General Engineering and Machine Works does not repair diesel generators. According to Mr. Ed Kraft of LHH, General Engineering and Machine Works subcontracts diesel work to other firms.

Recommendation: Approve the proposed resolution.

Item 14 - File 47-94-7

Department: Department of Parking and Traffic (DPT)

Item: Resolution approving the elimination of the Early Bird Rate at the Sutter-Stockton Garage.

Description: The Sutter-Stockton Garage is a City-owned facility located at 444 Stockton Street. The Garage is leased by the Uptown Parking Corporation, a non-profit corporation formed by the City. The Uptown Parking Corporation contracts with the AMPCO Corporation, which manages the Garage. The Uptown Parking Corporation pays the City 85 percent of net revenues.

The San Francisco Parking and Traffic Commission has oversight responsibility for City-owned parking facilities. This responsibility includes reviewing the parking rates charged at City-owned garages and lots, and making recommendations to the Board of Supervisors for changes in parking rates. The Parking and Traffic Commission approved the elimination of the Sutter-Stockton Garage Early Bird Rate at its meeting of May 3, 1994.

In 1992 the Board of Supervisors approved an Early Bird Rate of \$9.00 per day for parkers who arrive before 9:00 a.m. at the Sutter-Stockton Garage, as part of a revenue enhancement plan for the Garage at a time when usage of the Garage was low because of the recession. The proposed resolution would eliminate the Early Bird Rate, so all garage customers who park at the Sutter-Stockton Garage for more than seven hours would pay \$15.00, or \$6.00 more than the current Early Bird Rate.

Comments:

1. There are 1,865 parking spaces at the Sutter-Stockton Garage. Mr. Marvin Marks, Corporate Manager for the Uptown Parking Corporation, states that the mission of the Garage is to provide short term parking for shoppers in the downtown area. Mr. Marks advises that, because of the Early Bird Rate, the Garage is usually fully occupied by 11:00 a.m. from Tuesday through Friday. Mr. Marks reports that potential Garage customers now have to form a line to wait for spaces to open up during the afternoon hours. According to Mr. Marks, this defeats the primary purpose of the Sutter-Stockton Garage, which is to provide convenient short term parking.

2. Mr. Kevin Hagerty, Director of Off-Street Parking for the DPT, states in an April 27, 1994 memorandum to the

BOARD OF SUPERVISORS
BUDGET ANALYST

Parking Authority Commission, that the Sutter-Stockton Garage could match current revenues from Early Bird Parkers (\$9.00/day) if approximately 60 percent of these long-term parkers remain at the garage and pay the \$15.00 all-day rate.

The Garage could also equal current revenues from Early Bird Parkers if 40 percent of current Early Bird parkers pay the \$15.00 all day rate, and another 25 percent purchase monthly parking passes for \$250 per month. However, there is no data available from which to estimate the price-sensitivity of all-day parking customers at the Sutter-Stockton Garage. It is therefore possible that revenues could either increase or decline as a result of eliminating the Early Bird Rate.

3. A management audit of City-owned garages completed by the Budget Analyst in November, 1993 indicates that the \$15.00 maximum rate at the Sutter-Stockton Garage is lower than the \$17.05 average maximum rate at private garages located north of Market Street.

4. The management audit of City-owned garages recommended that each garage should analyze the impact on demand when making parking rate changes. If the proposed resolution is approved, the Budget Analyst recommends that the Board of Supervisors require the Uptown Parking Corporation to provide the Parking and Traffic Commission with a six-month report comparing monthly revenues at the Sutter-Stockton Garage with revenues for the same months during the previous year, along with statistics on the number of monthly parkers, all-day parkers and transient parkers for both time periods. This data would be useful to the DPT in setting parking rates, not only at the Sutter-Stockton Garage, but also at other downtown City-owned garages.

Recommendations:

1. Amend the proposed resolution to require the Uptown Parking Corporation to provide the Parking and Traffic Commission with a six-month report comparing monthly revenues at the Sutter-Stockton Garage with revenues for the same months during the previous year, along with statistics on the number of monthly parkers, all-day parkers and transient parkers for both time period.

2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

Item 15 - File 82-94-5

Department: Real Estate Department
Airports Commission

Item: Resolution authorizing the acquisition of 36 additional noise easements and the deletion of 3 noise easements in the City of South San Francisco in their Phase VIII Program.

Description: The San Francisco International Airport's Noise Easement Acquisition Program consists of insulating private residences and schools in the City of South San Francisco and other cities that are located near the San Francisco Airport.

On October 4, 1993, the Board of Supervisors approved Resolution No. 796-93 (File 82-93-7), which approved the acquisition of noise easements for 150 additional homes comprising the City of South San Francisco's Phase VIII Program for an estimated sum of \$375,000. The \$375,000 is the 20 percent City of San Francisco portion of the estimated full cost of \$1,875,000 for construction costs and title insurance fees to insulate the residences. The remaining 80 percent, or \$1,500,000, is to be paid by the City of South San Francisco with funding obtained from Federal grants.

According to Mr. Robert Haslam of the Real Estate Department, the City of South San Francisco must delete three previously approved homes from the Phase VIII Program because the homes' new owners do not want to participate in the program. He adds that because of both the deletion of these homes and the unexpectedly low construction costs for insulating the other homes, the City of South San Francisco would be able to insulate 36 more homes for a net total of 183 easements for the same \$1,875,000 overall cost.

- Comments:**
1. As previously stated, the full cost to the City is not to exceed \$375,000. Mr. Haslam states that the proposed acquisition of 36 additional easements would not result in any additional costs to the City because actual construction costs have been less than estimated construction costs.
 2. Mr. Marvin Ellis of the Airports Commission reports that the funds required to provide funding for the proposed easements were included in the Airport's Fiscal Year 1993-94 operating budget for the noise monitoring program and have been carried forward for Fiscal Year 1994-95.
 3. The Real Estate Department notes that the noise easements would be effective for a 20-year period.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 6, 1994

4. The City Attorney's Office has previously reported that the purchase of noise easements enables the City to comply with State legal requirements and should result in eliminating costs to defend against noise-related small claims lawsuits.

Recommendation: Approve the proposed resolution.

Item 16 - File 101-93-124

Department: Chief Administrative Officer

Item: Ordinance appropriating \$222,000 of Seismic Safety Loan Funds for bond issuance costs (legal and consulting services) related to the Seismic Safety Loan Program for fiscal year 1993-94.

Amount: \$222,000

Source of Funds: Seismic Safety Loan Fund

Description: On November 3, 1992, San Francisco voters approved a proposition to issue bonds totalling \$350 million to create a Seismic Safety Loan Program. The purpose of this Seismic Safety Loan Program is to provide loan funds to San Francisco property owners to reinforce their unreinforced masonry buildings (UMBs). The first series of Seismic Safety Bonds, in the amount of \$35 million, was issued in March 1994. The proposed supplemental appropriation, in the amount of \$222,000, would support the costs associated with the bond issuance, as follows:

Legal Services

\$95,000

The CAO contracted with Orrick, Harrington, & Sutcliff, and Leslie Lava, Attorney at Law, a joint venture, to prepare the bond sale and closing documents. Leslie Lava is a certified MBE/WBE firm. The cost of this contract was \$65,000, based on an average hourly rate of \$233 for 279 hours. Leslie Lava was allocated \$22,750, or 35 percent. This joint venture was selected based on an RFP and interviews, which was coordinated by the City Attorney, monitored by the Human Rights Commission (HRC), and attended by the CAO.

The City Attorney also provided legal services for the UMB program, at a cost of \$30,000, based on an average hourly rate of \$90 for 333 hours.

BOARD OF SUPERVISORS
BUDGET ANALYST

Financial Consultation/Cost of Issuance ***\$127,000***

Financial Consultation and Cost of Issuance includes the following expenditures:

Fees to rating agencies, at \$11,000 to \$12,000 each. Ratings must be obtained in order to receive the most advantageous interest rates for a bond issue, according to Ms. Laura Wagner-Lockwood of the CAO's Office. The three bond rating agencies are Moody's Investment Service, Standard & Poor, and Fitch.
Total fees to rating agencies ***\$35,000***

The CAO contracted with Artemis Capital Group and Kitahata & Company, a joint venture, for financial advisory consultation. Kitahata & Company is a certified MBE firm. This joint venture was selected based on an RFP. The hourly rates for the joint venture range from \$125 per hour to \$200 per hour. The maximum cost for this contract is \$42,750, including \$37,750 for personnel and \$5,000 for expenses. The CAO anticipates that the total cost of the contract will be \$40,000, including \$37,750 for personnel and \$2,250 for expenses. Kitahata & Company was allocated \$17,100, or 43 percent. Based on an average hourly rate of \$175, the CAO would receive approximately 216 hours for \$37,750.
Total financial advisory costs ***\$40,000***

Ms. Wagner-Lockwood advises that Federal securities regulations require the City to publish a preliminary and final official statement prior to issuing bonds. A preliminary and final official statement is a sales brochure, Ms. Wagner-Lockwood reports. The joint venture of Artemis Capital Group and Kitahata & Company subcontracted with Pacific Financial Printing to publish the preliminary and final official statement. Pacific Financial Printing is not an MBE or WBE firm.
Total publishing costs ***\$12,000***

State securities regulations require that the City publish a notice of intent to issue bonds in a local newspaper, such as the *San Francisco Examiner* or the *Independent*, and a nationally recognized financial periodical, such as the *Wall Street Journal*, Mr. Wager-Lockwood reports.
Total advertising costs ***\$3,000***

The proposed supplemental appropriation includes an appropriation of bond funds to reimburse the CAO for bond coordination costs, including \$27,000 in personnel costs, and \$3,000 in operating costs.
Total CAO bond coordination costs ***\$30,000***

The proposed supplemental appropriation includes an appropriation of bond funds to reimburse the Controller for the costs of setting up an accounting system and providing technical assistance.

Total Controller costs **\$7,000**

The total of the above amounts of \$222,000 for legal and financial consultation and issuance costs do not exceed two percent of the bond issue, in conformance with Federal securities regulations. (Two percent of \$35 million is \$700,000.)

Comment:

The CAO has already received and paid for certain of the financial consultation and the bond issuance costs, including the payment to the *Wall Street Journal*, payments to the rating agencies, and payment to the Financial Advisor Joint Venture. Payment was made from CAO work-order funds. The proposed supplemental appropriation would reimburse the CAO's work-order funds for these costs.

Recommendation:

Approve the proposed ordinance.

Item 17 - File 38-94-8

Department: Medical Examiner/Coroner

Item: Resolution accepting a gift from Skylawn Memorial Park of 64 grave sites and related services, valued at \$217,488, and thanking Skylawn Memorial Park for its gift.

Amount: \$217,488

Description: Approximately 800 human remains were unexpectedly recovered from the site of the former City Cemetery at Lincoln Park during the current restoration of the Palace of the Legion of Honor. According to Mr. Herbert Hawley of the Medical Examiner/Coroner's Office, the remains were thought to have been moved in 1910 when an order to move them was given by the City. Mr. Hawley adds that there is speculation that the order was given to a contractor who only removed the headstones and then pushed them off the cliffs by the Palace of the Legion of Honor, without actually removing the human remains. Presently, the remains are being stored at both the Medical Examiner/Coroner's Office and the excavation site.

Skylawn Memorial Park in San Mateo, California has offered to donate 64 grave sites for the reinterment of these remains. It has also offered to provide for the opening and closing of the graves and a perpetual care endowment. Dr. Boyd Stephens of the Medical Examiner/Coroner's Office reports that the gift is collectively valued at \$217,488.

Comments:

1. Mr. Hawley states that the number of donated sites would be sufficient for the estimated 800 human remains because approximately 12 human remains would be buried at each of the grave sites. He adds that each human remain would be in a separately marked container.
2. Ms. Debbie Frieden of the Fine Arts Museum reports that the Museum expects to provide approximately \$20,000 to \$30,000 to the Medical Examiner/Coroner's Office to cover the Office's costs for the reinterment of these remains. Mr. Hawley advises that the Medical Examiner/Coroner's Office would attempt to work within that budget in order to make certain that all 800 of the human remains receive the proper burial.
3. Mr. Hawley reports that in addition to Skylawn Memorial Park's offer to donate 64 grave sites, Christy Vault Company has offered to donate 45 burial vaults and McAvoy O'Hara Company and Evergreen Mortuary have offered to donate ten

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 6, 1994

caskets for the reinterment of the 800 human remains (Items 18 and 19, File Nos. 38-94-9 and 38-94-10 of this report).

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 18 - File 38-94-9

Department: Medical Examiner/Coroner

Item: Resolution accepting a gift from the Christy Vault Company of 45 burial vaults, valued at approximately \$10,000, and thanking Christy Vault Company for its gift.

Amount: Approximately \$10,000

Description: Approximately 800 human remains were unexpectedly recovered from the site of the former City Cemetery at Lincoln Park during the current restoration of the Palace of the Legion of Honor. According to Mr. Herbert Hawley of the Medical Examiner/Coroner's Office, the remains were thought to have been moved in 1910 when an order to move them was given by the City. Mr. Hawley adds that there is speculation that the order was given to a contractor who only removed the headstones and then pushed them off the cliffs by the Palace of the Legion of Honor, without actually removing the human remains. Presently, the remains are being stored at both the Medical Examiner/Coroner's Office and the excavation site.

The Christy Vault Company of Colma, California has offered to donate up to 45 companion garden crypts, collectively valued at approximately \$10,000, for the reinterment of these remains in Skylawn Memorial Park in San Mateo.

Comments:

1. Mr. Hawley states that the 45 companion crypts would be sufficient for the estimated 800 human remains because approximately 18 human remains would be placed into each of the 45 companion crypts. He adds that each human remain would be in a separately marked container.

2. Ms. Debbie Frieden of the Fine Arts Museum reports that the Museum expects to provide approximately \$20,000 to \$30,000 to the Medical Examiner/Coroner's Office to cover the Office's costs for the reinterment of these remains. Mr. Hawley advises that the Medical Examiner/Coroner's Office would attempt to work within that budget in order to make certain that all 800 of the human remains receive the proper burial.

3. Mr. Hawley reports that in addition to the Christy Vault Company's offer to donate 45 burial vaults, Skylawn Memorial Park has offered to donate 64 grave sites and the McAvoy O'Hara Company and Evergreen Mortuary have offered to donate ten caskets for the reinterment of the 800 human

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 6, 1994

remains (Items 17 and 19, File Nos. 38-94-8 and 38-94-10 of
this report).

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 19 - File 38-94-10

Department: Medical Examiner/Coroner

Item: Resolution accepting a gift from McAvoy O'Hara Company and Evergreen Mortuary of 10 burial caskets and related services, valued at approximately \$10,000, and thanking McAvoy O'Hara Company and Evergreen Mortuary for their gift.

Amount: Approximately \$10,000

Description: Approximately 800 human remains were unexpectedly recovered from the site of the former City Cemetery at Lincoln Park during the current restoration of the Palace of the Legion of Honor. According to Mr. Herbert Hawley of the Medical Examiner/Coroner's Office, the remains were thought to have been moved in 1910 when an order to move them was given by the City. Mr. Hawley adds that there is speculation that the order was given to a contractor who only removed the headstones and then pushed them off the cliffs by the Palace of the Legion of Honor, without actually removing the human remains. Presently, the remains are being stored at both the Medical Examiner/Coroner's Office and the excavation site.

McAvoy O'Hara Company and Evergreen Mortuary of San Francisco, California have offered to donate 10 burial caskets, valued at approximately \$1,000 each, for reinterment of these remains. They have also offered to help encasket 10 remains and to assist with transportation and reinterment of the other remains.

Comments:

1. Mr. Hawley states that 10 caskets would be sufficient because only 10 of the remains were previously buried in metal caskets and these 10 would be buried in the donated caskets.
2. Ms. Debbie Frieden of the Fine Arts Museum reports that the Museum expects to provide approximately \$20,000 to \$30,000 to the Medical Examiner/Coroner's Office to cover the Office's costs for the reinterment of these remains. Mr. Hawley states that the Medical Examiner/Coroner's Office would attempt to work within that budget in order to make certain that all 800 of the human remains receive the proper burial.
3. Mr. Hawley reports that in addition to McAvoy O'Hara Company and Evergreen Mortuary's offer to donate ten burial caskets and related services, Skylawn Memorial Park has offered to donate 64 grave sites and Christy Vault Company

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 6, 1994

has offered to donate 45 burial vaults for the reinterment of the 800 human remains (Items 17 and 18, File Nos. 38-94-8 and 38-94-9 of this report).

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 20 - File 60-94-12

Department: Chief Administrative Officer

Item: Ordinance calling and providing for a Special Election to be held in the City and County of San Francisco on Tuesday, November 8, 1994, for the purpose of submitting to the voters propositions to incur bonded indebtedness of the City and County for the construction, or completion of the following municipal improvements:

- a) \$195,600,000 for construction and reconstruction of correctional facilities to replace the existing San Bruno Jail facilities;
- b) \$41,730,000 for construction and reconstruction of certain improvements to the Old Main Library; and
- c) \$38,350,000 for construction and reconstruction of certain improvements to City Hall.

Description: 1. In June, 1994 the Board of Supervisors previously adopted, by the required two-thirds majority, resolutions determining and declaring that the public interest and necessity demand the construction or completion of the three projects described above. The resolutions also found that the estimated costs for such municipal improvements are and will be too great to be paid out of the ordinary annual income and revenue of said City and County and will require the incurring of a bonded indebtedness.

2. The resolutions approving these projects are :

File 174-94-11 (Resolution 535-94) \$195,600,000 for the San Bruno Jail Facility;

File 174-94-10 (Resolution 534-94) \$41,730,000 for the Old Main Library (which will become the Asian Art Museum); and

File 174-94-9 (Resolution 533-94) \$38,350,000 for certain improvements to City Hall.

Based on the previous approval by the Board of Supervisors of the resolutions described above, the Chief Administrative Officer has submitted this proposed ordinance calling for the special election to approve the General Obligation Bonds. Said special election shall be placed on the November, 1994 ballot.

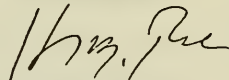
BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 6, 1994

3. The Controller estimates that the sale of the proposed General Obligation Bonds will have the following impact on property tax rates and payments as shown in the table below.

<u>Purpose</u>	<u>Amount of General Obligation Bond Issue</u>	<u>Increase in Property Tax Rate per \$100 of Assessed Valuation</u>	<u>Amount Owner of a \$250,000 Home Would Have to Pay in 1994-95</u>
San Bruno Jail	\$195,600,000	\$0.0308	\$74.84
Old Main Library (Asian Art Museum)	41,730,000	0.0066	16.04
City Hall Improvements	<u>38,350,000</u>	<u>0.0060</u>	<u>14.58</u>
Totals	\$275,680,000	\$0.0434	\$105.46

- Recommendations:** 1. Amend page 4 of the proposed ordinance to insert the appropriate resolution numbers (as detailed in point 2 under Description, above) for resolutions of public interest and necessity that have been previously approved by the Board of Supervisors for these projects.
2. Based on the prior Board of Supervisor's approval of resolutions of public interest and necessity, approve this ordinance to submit the required ballot measures to the voters.


Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley

Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

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7/13/94

/// CALENDAR ... ACTION TAKEN
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/// BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, JULY 13, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

CLERK: MARY L. RED

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- (a) File 101-91-40.1. [Reserved Funds, Airport, Capital Improvement Proj] Hearing requesting release of reserved funds, Airports Commission, in the amount of \$9,692,875, for the start of the construction phase of the Airport Master Plan. (Also see File 101-92-11.1). (Airports Commission)

ACTION: Consideration continued to call of the chair.
- (b) File 101-92-11.1. [Reserved Funds, Airport, Capital Improvement Proj] Hearing requesting release of reserved funds, Airports Commission, 1992 Airport Improvement Bonds, in the amount of \$1,554,200,000, for the start of the construction phase of the Airport Master Plan. (Also see File 101-91-40.1) (Airports Commission)

ACTION: Consideration continued to call of the chair.
- (c) File 101-93-95.1. [Reserved Funds, Port, \$639,000] Hearing requesting release of reserved funds, Port, in the amount of \$639,000, for work order to the Planning Department and environmental consulting services to prepare an environmental impact report for the Port of San Francisco's Waterfront Plan. (Port)

ACTION: Release of reserved funds in the amount of \$639,000 approved.
- (d) File 101-90-121.4. [Reserved Funds, Water Department, \$4,280,000] Hearing requesting release of reserved funds, Water Department, 1991 Water Bond funds, in the amount of \$4,280,000, for the Water Main Replacement Project. (Public Utilities Commission)

ACTION: Amended to release reserved funds in the amount of \$4,480,240 approved. See Budget Analyst report for explanation.

- (e) File 96-93-2.1. [Sale of Surplus Property] Resolution confirming sale of surplus City-owned property and adopting findings pursuant to City Planning Code Section 101.1. (Also see File 96-93-2) (Real Estate Department)

ACTION: RECOMMENDED.

- (f) File 168-94-4. [Open Space Acquisition, Assessor's Blk 5556/Lot 56] Resolution authorizing Purchase Agreement for acquisition of real property located in Bernal Heights generally described as a portion of the Bernal Heights Community Garden, identified as City and County of San Francisco Assessor's Block 5556, Lot 56 for open space purposes and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: RECOMMENDED.

REGULAR CALENDAR

2. File 100-94-13. [Budget for Fiscal Year 1994-95] Hearing on 1994-95 Budget of the City and County of San Francisco. (Supervisors Hsieh, Bierman) (Continued from 7/6/94)

ACTION Hearing held. Consideration continued to call of the chair. Supervisor Bierman added as cosponsor. (Supervisor Bierman absent for vote).

3. File 93-94-13. [Memorandum of Understanding Police Officers Assoc.] Resolution ratifying Memorandum of Understanding between the City and County of San Francisco and the San Francisco Police Officers Association. (Supervisors Conroy, Alioto, Kennedy, Shelley) (Continued from 6/15/94)

ACTION: Consideration continued to call of the chair.

4. File 172-94-2. [Joint Powers Agreement - Peninsula Corridor] Resolution authorizing execution of an amendment to Joint Powers Agreement between the City and County of San Francisco, the San Mateo County Transit District and the Santa Clara County Transit District to replace an appointment of the City's Public Utilities Commission as a representative of the City on the Joint Powers Board with an appointment of the Airports Commission. (Supervisor Hsieh)

(4/11/94, Rereferred to Budget Committee from Board with direction to report back to the Board on July 18, 1994).

ACTION: RECOMMENDED with request that Board continue the item to September 12, 1994. (Supervisor Alioto dissenting)

5. File 253-92-2. [Workers Compensation Task Force] Hearing to consider the action plans of the Workers Compensation Task Force. (Supervisors Hsieh, Conroy, Shelley, Kennedy, Alioto) (Continued from 3/30/94)

ACTION: Hearing held. Consideration continued to October 12, 1994.

6. File 195-94-3. [Proposition: Lease Financing for Jail] Resolution submitting to the qualified electors of the City and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements for the acquisition, construction or reconstruction of facilities to replace the existing San Bruno Jail facilities. (Supervisor Maher)

ACTION: TABLED at request of sponsor.

7. File 124-94-8. [Administrative Fee - Towing] Ordinance amending Traffic Code by adding Section 170.2-A and 170.2-B thereto, providing for the collection of an administrative fee for the towing of vehicles under certain conditions and ordered by the Police Department, and amending Chapter 10C of the Administrative Code by amending Section 10C.1. (Supervisor Migden)

ACTION: Amended on page 3, line 5 (see file for details). Same title.
RECOMMENDED AS AMENDED.

- X 8. File 84-94-1. [Property Acquisition, Portions of Route 480] Resolution approving and authorizing a Memorandum of Agreement with the State of California for acquisition of certain portions of Route 480 known as the Broadway and Clay/Washington parcels and other interests (including certain waivers and indemnities of the State contained in such Agreement), approving and authorizing future agreements with the State for other portions of Route 480, and adopting findings that all such acquisitions are consistent with the City's Master Plan and Eight Priority Policies of City Planning Code Section 101.1. (Supervisor Alioto)

ACTION: Amendment of the Whole (as presented by the Real Estate Dept.) accepted; further amended (see file for details). New title: "Resolution approving and authorizing a Memorandum of Agreement with the State of California for acquisition of certain portions of Route 480 known as the Broadway and Clay/Washington parcels and other interests (including certain waivers and indemnities of the State contained in such Agreement), and adopting findings that all such acquisitions are consistent with the City's Master Plan and Eight Priority Policies of City Planning Code Section 101.1." RECOMMENDED AS AMENDED. (Supervisor Alioto added as sponsor).

9. File 279-94-3. [Hold Harmless, Courthouse Construction, Novelact] Resolution authorizing hold harmless agreements with Novelact (USA) Ltd., pertaining to nuisance claims, property damage or personal injury from construction of the new San Francisco courts building. (Supervisor Alioto) (Continued from 7/6/94)

ACTION: Hearing held. RECOMMENDED.

10. File 279-94-4. [Hold Harmless, Courthouse Construction, Novelact] Resolution authorizing a hold harmless agreement with Novelact (USA) Ltd., owner of real property at 512 Van Ness Avenue, pertaining to excavation, shoring and other construction activities for the new San Francisco courts building. (Supervisor Alioto) (Continued from 7/6/94)

ACTION: Hearing held. RECOMMENDED.

711. File 101-93-118. [Appropriation, Superior & Municipal Courts] Ordinance appropriating \$9,722,458, Superior and Municipal Courts, courthouse construction funds for capital improvement project for fiscal year 1994-95; placing \$9,321,080 on reserve. RO #93309 (Supervisor Alioto)
(Continued from 7/6/94)

ACTION: Amended to change the amount to be placed on reserve from "\$9,321,080" to "\$2,769,323"; and on line 18 by replacing existing Section 2 phrase with new phrase (see file for details). New title: "Ordinance appropriating \$9,722,458, Superior and Municipal Courts, courthouse construction funds for capital improvement project for fiscal year 1994-95; placing \$2,769,323 on reserve." RECOMMENDED AS AMENDED.

12. File 36-94-4. [Reclassification of Property] Ordinance amending City Planning Code by amending the Zoning Map of the City and County of San Francisco for property in the Civic Center area, generally bounded by McAllister and Polk Streets, Redwood Alley, and Van Ness Avenue, to reclassify Assessor's Block 766, Lots 4 and 5 from a "C-2" Use District to a "P" Use District; and to reclassify Assessor's Block 766, Lots 2, 3, 4 and 5 from a 70-X Height and Bulk District to an 80-X Height and Bulk District. (Supervisors Hsieh, Alioto)

ACTION: Amended on page 1, line 10 (see file for details). New title: "Ordinance amending City Planning Code by amending the Zoning Map of the City and County of San Francisco for property in the Civic Center area, generally bounded by McAllister and Polk Streets, Redwood Alley, and Van Ness Avenue, to reclassify Assessor's Block 766, Lots 4 and 5 from a "C-2" Use District to a "P" Use District; and to reclassify Assessor's Block 766, Lots 2, 3, 4 and 5 from a 70-X Height and Bulk District to an 80-X Height and Bulk District; adopting City Planning Resolution approving findings related to the eight priority policies of City Planning Code Section 101.1." RECOMMENDED AS AMENDED. (Supervisor Alioto added as cosponsor).

13. File 84-94-2. [Property Acquisition, 456 McAllister Street] Resolution approving and authorizing an agreement with the Society of California Pioneers for the purchase of real property located at 456 McAllister Street (including a release and indemnities of the seller contained in such agreement); adopting findings that the purchase is consistent with the City's Master Plan and eight priority policies of City Planning Code Section 101.1; and adopting and incorporating findings pursuant to the California Environmental Quality Act. (Supervisor Alioto)

ACTION: Hearing held. RECOMMENDED.

14. File 279-94-1. [Final Environmental Impact Report, Courthouse] Resolution adopting Final Environmental Impact Report, finding and determining that the San Francisco Courts Building project, including approval of an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment, and project financing will have a significant impact on the environment, and adopting and incorporating findings of Final Environmental Impact Report. (Supervisor Alioto)

ACTION: Amended on page 1, line 19 by changing "July 6, 1994" to "July 13, 1994". Same title. RECOMMENDED AS AMENDED.

15. File 279-94-2. [California Environmental Quality Act, Courthouse] Resolution incorporating by reference findings made by the City Planning Commission and adopting further findings pertaining to the California Environmental Quality Act relating to the approval of an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment and project financing for the San Francisco Courts Building project, as analyzed in the San Francisco Courts Building Final Environmental Impact Report (FEIR) Case No. 93.546E. (Supervisor Alioto)

ACTION: Hearing held. RECOMMENDED.

16. File 164-94-1. [Street Vacation, McAllister/Polk Redwood Streets] Resolution declaring the intention of the Board of Supervisors to vacate subsurface portions of McAllister, Polk and Redwood Streets adjoining Assessor's Block 766, Lots 2, 3, 4 and 5 and setting the hearing date for all persons interested in the proposed vacation. (Supervisor Alioto)

ACTION: Hearing held. RECOMMENDED (setting public hearing date for August 22, 1994, at 3:00 p.m.)

17. File 170-94-14. [Mortgage Revenue Bonds, 101 Valencia Street] Resolution authorizing the issuance, sale and delivery of City and County Single Family Mortgage Revenue Bonds, Series 1994 (GNMA and FNMA Mortgage-backed Securities Program), in an aggregate principal amount not to exceed \$17,500,000; authorizing the execution and delivery of an indenture, origination, servicing and administration agreement, home mortgage assistance trust agreement, bond purchase contract and official statement; adopting rules and regulations governing the program; authorizing the Mayor, in consultation with the City Attorney to make any necessary or advisable modifications, changes or additions to any of the bond documents and authorizing the execution and delivery of and approving other related documents and actions in connection therewith. (Supervisors Shelley, Alioto, Bierman, Hsieh)

ACTION: Hearing held. RECOMMENDED. (Supervisors Alioto, Bierman, Hsieh added as cosponsors).

18. File 97-94-44. [County Clerk-Recorder, Cost Recovery Fees] Ordinance amending Administrative Code by amending Section 8.33, authorizing the County Clerk-Recorder to increase fees otherwise set by state law to reflect the actual cost of providing certain records and services. (Supervisor Alioto)

ACTION: Hearing held. RECOMMENDED. (Supervisor Alioto added as sponsor)

19. File 170-94-13. [Combined Fire Department Headquarters/Pump Station] Resolution approving Plan to reallocate \$2.27 Million from the 1992 Fire Improvement Bond (Prop C) in order to complete the combined Fire Department Headquarters/Pump Station. (Supervisors Conroy, Alioto, Hsieh, Bierman)

ACTION: Amended on page 1, line 4 by adding "placing \$1,666,000 on reserve"; and on page 3 by adding a Further Resolved clause (see file for details).
New title: "Resolution approving Plan to reallocate \$2.27 Million from the 1992 Fire Improvement Bond (Prop C) in order to complete the combined Fire Department Headquarters/Pump Station; placing \$1,666,000 on reserve." RECOMMENDED AS AMENDED. (Supervisors Alioto, Hsieh, Bierman added as cosponsors).

- X 20. File 60-94-12.1. [Special Election 11/8/94, Sewer Revenue Bonds] Resolution calling and providing for a special revenue bond election to be held in the City and County of San Francisco for the purpose of submitting to the qualified voters of said City and County on November 8, 1994, a proposition of issuing revenue bonds pursuant to Section 7.300 of the Charter of the City and County of San Francisco in the principal amount of \$146,075,000 to provide funds for the purpose of acquiring, constructing, improving and financing improvements to the existing sewage treatment and disposal system; consolidating said special revenue bond election with the General Municipal Election to be held on November 8, 1994. (Supervisors Alioto, Bierman)

ACTION: Amendment of the Whole (as presented by City Attorney) accepted. Same title. RECOMMENDED AS AMENDED. (Supervisors Alioto and Bierman added as sponsors)

21. File 101-94-3. [Appropriation, Dept of Public Works, \$92,166] Ordinance appropriating and certifying \$92,166, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203; providing for ratification of action previously taken, for fiscal year 1994-95. (Controller)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

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July 11, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: July 13, 1994 Budget Committee Meeting

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Items 1a and 1b - Files 101-91-40.1 and 101-92-11.1

Department: San Francisco International Airport

Items: **File 101-91-40.1** - Requesting release of reserved funds in the amount of \$9,692,875 to start the construction phase of the Airport Master Plan.

File 101-92-11.1 - Requesting release of reserved funds in the amount of \$1,554,200,000 to start the construction phase of the Airport Master Plan.

Amount: \$9,692,875 - File 101-91-40.1
1,554,200,000 - File 101-92-11.1
\$1,563,892,875 - Total

Source of Funds: Airport Revenue Bonds

Description: In February of 1992, the Board of Supervisors approved an ordinance appropriating \$17,501,272 in Airport Revenue Bond interest earnings for capital improvement projects. Of this amount, \$9,692,875 was placed on reserve for construction contracts, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

In December of 1992, the Board of Supervisors approved a second ordinance appropriating \$2.4 billion in Airport Revenue Bond proceeds for Near Term Master Plan Projects. Of the \$2.4 billion, \$1,554,200,000 was placed on reserve for construction contracts, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

The Airport is now requesting the release of those reserved funds totaling \$1,563,892,875 in order to start the construction phase of the Airport Master Plan. However, contractors have not yet been selected. According to Mr. L. A. Turpen, the Director of Airports, the need to submit MBE/WBE information to the Board of Supervisors prior to the release of reserved funds restricts the Airport's ability to award Master Plan contracts in a timely manner. Attachments I and II are a letter and a questionnaire provided by the Airports General Counsel (Deputy City Attorney Mara Rosales) pertaining to this matter (See Comment No. 3).

**Construction
Budgets:**

Terminals

<u>International Terminal</u>	\$407,000,000
<u>Boarding Area A</u>	100,000,000
<u>Boarding Area B, Phase I</u>	105,000,000

Construction of the new International Terminal will require the phased demolition and reconstruction of Boarding Area B, ultimately providing a new facility of approximately 500,000 square feet. Boarding Area B, Phase I, will provide replacement gates during the construction of Boarding Area A and will provide additional domestic gates to satisfy the long-term forecast demand.

<u>Boarding Area G</u>	\$100,000,000
A new Boarding Area "G", approximately 350,000 square feet, adjacent to the North Terminal, will be identical to new Boarding Area "A" and does not replace an existing boarding area.	

Air Freight/Airline Maintenance

West Field Cargo/Maintenance Facility, Phase I \$32,400,000
The West Field Cargo/Maintenance Area will provide both replacement and new buildings for air freight and aircraft maintenance facilities in several buildings totaling approximately 325,000 square feet. The facilities will consist of high ceiling buildings for truck loading-unloading on the landside and aircraft maintenance on the airside.

**BOARD OF SUPERVISORS
BUDGET ANALYST**

North Field Cargo/Maintenance Facility \$40,500,000
The North Field Cargo/Maintenance Area will be reconfigured to accommodate a more efficient facility and to provide an additional aircraft parking area. The facilities to be developed in this area represent both new and replacement buildings for air freight and/or aircraft maintenance functions. Approximately 432,000 square feet will be constructed in the area, consisting of both high ceiling air freight buildings and/or aircraft maintenance hangars.

Remodeled Trans World Airlines (TWA) Cargo Facility \$5,000,000
The TWA Cargo Facility, located to the South of Boarding Area A, will be reconfigured to accommodate the planned extension of Taxiways A and B at the South Terminal.

Airport Support

Multipurpose Facility \$2,500,000
The multipurpose Airport operations facility will replace a number of the emergency contingency functions currently located in Building 1000 and will provide high-security VIP processing. The multilevel facility will consist of approximately 15,000 square feet with an apron area located adjacent to Taxiway C for aircraft parking.

Relocation of Crash Fire Rescue (CFR)/Support Building \$4,300,000
The existing CFR support building of approximately 12,000 square feet is to be relocated from its current site on the east side of CFR Building 1. The facility is utilized for the storage of equipment required to maintain CFR operations at the Airport. The existing CFR Building 1 will have to be relocated due to the clearance requirements for the proposed adjacent B747-400 taxiway.

General Aviation

Fixed Based Operator (FBO) Building \$16,000,000
The contents of the existing FBO building, located at the end of Road R-6, and of the Chevron general aviation facilities, located on Plot 85, with a combined building area of 88,112 square feet, will be relocated to the East Field area into a 90,000 square foot facility. The existing FBO Building will be utilized for roadway extension and cargo/maintenance equipment.

Commercial

Service Station

\$1,000,000

The existing Chevron Service Station, consisting of an approximately 1,000 square foot facility and adjoining exterior service area, will be relocated to Parking Lot CC. The current location on the north side of the terminal access road will be utilized by the proposed Ground Transportation Center.

Transportation

Ground Transportation Center

\$217,698,000

The development of a six-floor Ground Transportation Center will provide a centralized processing point for passengers arriving or departing the Airport via rental cars, shuttle vans or buses. The facility will provide 2.5 million square feet of space and will be composed of two multi-level structures that will flank each side of the Airport's entry roadway and share the two-level arrival and departure roadway with the proposed new International Terminal. This facility will significantly reduce the vehicular demand on the existing terminal loop roadways. Passengers will access the terminal via the Airport Light Rail System (ALRS) from within the Ground Transportation Center. The facility will free up limited terminal roadway and curb space utilized by private vehicles, thereby relieving congestion on the roadways during peak-hour periods.

Airport Light Rail System (ALRS), Phase I

\$270,000,000

The ALRS will connect the Ground Transportation Center to the terminal areas. The ALRS will have two independent loops with vehicles moving in opposite directions. The existing terminals will be served by stations along the front entrances at each boarding area on both the upper and lower levels. The new International Terminal will be served by an elevated station in the atrium above the terminal's third level. The Ground Transportation Center will have four stations serving the transportation lobby and rental car counters. The system will cross over the Bayshore Freeway (US 101), to a mass transit station west of US 101, cross back over US 101 and then proceed north along the Airport's frontage road to serve remote parking facilities and major Airport employment centers, including the United Airlines Maintenance Base.

In June of 1992, the Metropolitan Transportation Commission (MTC), Bay Area Rapid Transit (BART) District Board and San Mateo County Transit District (SamTrans) agreed to extend BART to a transportation center on Airport property adjacent to the CalTrain tracks west of US 101, which would

BOARD OF SUPERVISORS

BUDGET ANALYST

be approximately 1.5 miles from the Airport. However, in June of 1994, the San Francisco electorate voted in favor of locating the BART station directly at the Airport. According to Mr. Leo Fermin of the Airport's Business and Finance Office, the MTC, BART and SamTrans are still in the process of deciding where to locate the BART station (See Comment No. 4).

Airport Light Rail System Maintenance Facility \$15,000,000
The ALRS consists of 6.5 miles of track and 15 three-car train units, all of which require routine maintenance. The ALRS Maintenance Facility will be located adjacent to the long-term parking area and will consist of approximately 14,000 square feet of enclosed maintenance area. The maintenance building will include functions such as off-line switching, vehicle inspection, washing and maintenance. The building will contain offices, storerooms, lunch/locker facilities and maintenance shops. A train storage area, sufficient to store the entire fleet of vehicles, will be provided.

Miscellaneous Facilities

Building 710 (Delta) Renovation \$1,250,000
The Master Plan requires the relocation and development of office space to accommodate dislocated tenants as well as Master Plan Design and Construction teams. Vacated space in the Delta building can accommodate the relocation of five tenants from the old Airborne Building, thereby allowing its demolition and replacement for much needed cargo facilities, including the North Field Cargo Facility. In addition, office space is required to accommodate the administration and management of Master Plan Projects and numerous program consultants.

Pan Am Building Renovation \$1,000,000
An existing airline administrative office building will be renovated to provide space for a temporary Firestation to serve the south side of the Airport.

Parking

Lot "DD" Parking Structure \$36,000,000
The multi-story parking structure to be built adjacent to Lot DD is planned to accommodate long-term public parking, as well as tenant and Airport employee parking. The parking structure will provide approximately 3,000 parking stalls.

Roadway Improvements

United States Coast Guard (USCG) Perimeter

Roadway

\$10,000,000

Construction of a new two-lane roadway on the Bay side of the present USCG Air Station will provide unsecured access to the East Field development. The construction of this unsecured roadway adjacent to the USCG Air Station seawall will permit employees and visitors to the East Field area to access those facilities from the North Access Road. Development of the Multi-purpose Operations Facility, FBO Building, and aircraft maintenance facilities will greatly increase the number of movements to this area, and security and safety issues dictate that an unsecured roadway be constructed. Improvements will include lighting, signing, signalization, pavement painting, fencing and drainage.

North Access Road

\$1,000,000

The existing North Access Road from South Airport Boulevard to the USCG Perimeter Road is mostly two-lane. This project would widen the roadway to four lanes plus left-turn and merging lanes (where feasible) in order to accommodate increasing airport traffic. Improvements will include lighting, signing, signalization, pavement painting, fencing and drainage.

Ramps and Elevated Roadways

\$176,985,000

A new elevated roadway system around the Ground Transportation Center (GTC) and connecting ramps to the Bayshore Freeway (US 101) and the Interstate 380 viaduct will be constructed. This project would provide direct access to the new International Terminal and the GTC from US 101. This project includes a connection from the Interstate 380 viaduct to US 101 northbound with related realignments of the San Bruno Avenue interchange and Road R-3. Improvements would include lighting, signing, landscaping, pavement painting, fencing, drainage, and improvements to existing surface roadways.

Wider South Perimeter Road

\$1,000,000

The Airport frontage road from the West Underpass to Millbrae Avenue now exists as two lanes of traffic, one in each direction. This project would widen the roadway to four lanes (where it is feasible) in order to accommodate increasing airport traffic and to minimize traffic congestion. Improvements would include lighting, signing, signalization, pavement painting, fencing, drainage, and improvement to existing intersections.

BOARD OF SUPERVISORS
BUDGET ANALYST

Airside Improvements

Taxiway A & B Realignment - North Terminal \$10,000,000

The realignment of Taxiways "A" and "B" at the North Terminal will provide the necessary clearances for aircraft taxiing and parking and for service roads around the Boarding Area "G". Work includes replacement and overlay of pavements, and installation of centerline lighting and striping.

Taxiway A & B Realignment - South Terminal,

Phase II

\$9,084,000

The realignment of Taxiways "A" and "B" at the South Terminal will provide the necessary clearances for aircraft taxiing and parking and for service roads around the new Boarding Area "A". Work includes replacement and overlay of pavements, and installation of centerline lighting and striping.

Demolition

Demolition for Near-Term Master Plan Projects \$4,615,000

Various demolition contracts to prepare areas for construction of Master Plan projects.

Other Support Projects

Hazardous Waste Removal

\$6,800,000

Various contracts for the identification, removal, packaging, and transportation of hazardous waste to legal disposal sites, or processing into non-hazardous materials, in conjunction with demolition, site preparation and construction of Master Plan Projects.

TOTAL CONSTRUCTION COST

\$1,574,132,000*

* The \$10,239,125 difference between the total construction cost of \$1,574,132,000 and the proposed release of \$1,563,892,875 will be funded by expected future interest earnings on Airport Revenue Bond proceeds.

Comments:

1. The Airport advises that the construction contracts for the Near-Term Master Plan Projects will begin to be put out to bid upon release of the reserved funds and that construction will commence during FY 1994-95.

2. The total estimated cost of the Near-Term Master Plan Projects is \$1,944,803,000, which includes \$1,574,132,000 for construction contracts, and \$370,671,000 for contingencies, art enrichment, and architecture, engineering and inspection costs (to be performed in-house by City employees). The

contingencies, art enrichment costs, and architecture, engineering and inspection costs will be funded by previously appropriated Airport Revenue Bond proceeds as well as expected future interest earnings.

3. The Budget Analyst strongly believes that information requested by the Board of Supervisors (in addition to the MBE/WBE status of the contractors), such as the selected contractors, the hourly rates, the cost details and the total costs of the contract, as well as the work to be performed, should be submitted to the Budget Committee of the Board of Supervisors prior to and not subsequent to appropriation approval by the Budget Committee. In June of 1993, the City Attorney advised the Budget Analyst that, while reserves placed on funds to determine the MBE/WBE status of the contractors interferes with Charter Section 2.401 (which the Budget Analyst totally disagrees with), the Board of Supervisors can continue to reserve appropriations for contracts and other expenditures at such times that the Board of Supervisors is not provided with all of the fiscal details relating to the expenditures. Additionally, Mr. Lakey of the City Attorney's Office previously advised the Budget Analyst that the City Attorney's opinion issued in May of 1993 regarding the power of the Board of Supervisors to place reserves on appropriations is prospective. In that regard, Mr. Lakey further advised that all reserves which were placed by the Board of Supervisors prior to the City Attorney's opinion of May, 1993, including the subject reserves now requested for release, would remain intact, and that to release such reserves, the respective departments would still be required to follow the same practice that has previously been used by the Board of Supervisors in authorizing the release of reserves. Given that the Airport is presently unable to provide the Budget Committee with the fiscal details relating to the proposed expenditures, as well as the MBE/WBE status of the contractors, the Budget Analyst recommends that the Budget Committee continue to reserve the requested amount of \$1,563,892,875 until all such information is made available to the Budget Committee.

4. As noted above, a decision has not yet been made as to what the exact location of the BART station will be. As such, the Budget Committee may want to continue to reserve this \$270,000,000 budgeted for the Airport Light Rail System, pending the decision as to where the BART station will be located.

Memo to Budget Committee
July 13, 1994

Recommendation: Continue to reserve the requested amount of \$1,563,892,875, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.



LOUISE H. RENNE
CITY ATTORNEY
CITY AND COUNTY OF SAN FRANCISCO

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December 15, 1993

Honorable Carol Migden
Chair, Budget Committee
Board of Supervisors
236 City Hall
San Francisco, California 94102

Re: Reserves Opinion

Dear Supervisor Migden:

As you will recall, in June 1993 at the request of the City Attorney, the Budget Committee continued a hearing on the City Attorney's opinion concerning the power of the Board of Supervisors to place reserves on appropriations. The continuance was given so that I could discuss with the Coalition for Economic Equity and the Human Rights Commission a procedure for implementing Section 12D.16 of the MBE/WBE/LBE Ordinance. This section provides the Board with the oversight necessary to assure that departments are in compliance with the ordinance.

I am pleased to advise you that we have reached agreement on the form of the questionnaire and the procedure for implementing it. I enclose a copy of the questionnaire for your information.

In view of the above, I request that the item be calendared for discussion by the Committee.

Very truly yours,

LOUISE H. RENNE
City Attorney

Mara E. Rosales
Mara E. Rosales
Airports General Counsel

mer:m

enclosure

cc: Angela Alloto
Tom Hsieh
Theodore H. Wang
Edwin M. Lee

15445

FILE COPY,

ATTACHMENT C

MBE/WBE QUESTIONS FOR DEPARTMENTS

1. Please describe your utilization of MBEs and WBEs on all of your contracts within the last 12 months.
2. Describe how your department encourage MBEs and WBEs to attend pre-bid meetings to inform potential contractors of contracting opportunities?
3. Does your department advertise in general circulation media, trade association publications and minority/woman-focused media? If yes, provide the names of the publications or media.
4. Does your department notify MBEs and WBEs who are available to perform the work contemplated in a contract, soliciting their interest in the contract? If yes, describe your department's efforts.
5. Describe what efforts your department makes to divide the contract work into economically feasible units to facilitate MBE/WBE participation in the contract?
6. Does your department pursue solicitations of interest by contacting MBEs/WBEs to determine whether these businesses are interested in participating on the contract? If yes, describe these efforts.
7. Describe what efforts your department makes to provide MBEs/WBEs with adequate information about the plan, specifications and requirements of the contract?
8. Does your department negotiate with MBEs and WBEs in good faith and demonstrate that MBEs/WBEs are not rejected as unqualified without sound reasons based on a thorough investigation of their capabilities?
9. Does your department use the services of available community and contractors groups, local, state or federal minority and woman-assisted offices who provide assistance in the recruitment of MBEs/WBEs for public sector contracts? If yes, provide the names of the organizations and describe what services were used.
10. For professional services contracts above \$10,000.00, does your department have selection panels?
 - a. If so, do you include women and minorities amongst consultant selection panels?
 - b. Do your consultant selection panels apply the rating preferences to each stage of the selection process, e.g. qualifications, proposals and interviews.
 - c. Does each evaluator score each consultant on a point system based on a predetermined evaluation criteria and predetermined point value?

- d. Is the selection criteria based solely on objective factors that are related to the ability of the contractor to perform the proposed project?
 - e. If the highest score obtained is MBE or WBE, does your department enter into good faith negotiations with that consultant?
- 11. Please describe the procedure you engage in when you modify a contract and whether any efforts are made to include MBE/WBE participation at the time of the modification of the contract.
 - 12. Have you thought about potential changes in the manner in which your department solicits M/WBE participation to increase MBE/WBE participation in your future contracts? If so, what are those changes?
 - 13. Are there any upcoming projects or contracts for which you have targeted special recruitment efforts to ensure participation by MBEs/WBEs?
 - 14. Have you considered the set-aside procedure in the ordinance as a means of improving your department's performance? If so, how many times have you resorted to a set-aside, in what total contract dollar amounts and for which categories of contracts?

Memo to Budget Committee
July 13, 1994

Item 1c - File 101-93-95.1

Department: Port

Item: Release of reserved funds, in the amount of \$639,000, for 1) a work order to the City Planning Department and 2) environmental consulting services, to prepare an environmental impact report for the Port of San Francisco's Waterfront Land Use Plan project.

Amount: \$639,000

Source of Funds: San Francisco Harbor Operating Fund
General Fund

Description: The Port of San Francisco has allocated \$210,000 in its Fiscal Year 1993-94 Operating Budget for the preparation of an Environmental Impact Report (EIR) for the Port's Waterfront Land Use Plan project. Additionally, on April 20, 1994, the Board of Supervisors approved a supplemental appropriation from the Port's Operating Fund balance in the amount of \$539,000 for Waterfront Land Use Plan purposes, of which \$429,000 was approved for expenditure on the Waterfront Land Use Plan EIR, including contingency funds. The Board of Supervisors reserved the total of \$639,000 for the preparation of the EIR (\$210,000 + \$429,000) pending the determination of the MBE/WBE status of the selected contractor and finalized cost details for services.

According to the Port, the Waterfront Land Use Plan project consists of the following three phases: 1) identifying how much Port land should be reserved for water-dependent maritime activities, 2) addressing the range of non-maritime uses that should be considered for development on Port property, including public recreation and open space and public access opportunities in connection with new development, and 3) reconciling the land use recommendations produced in the first two phases, in order to produce a balanced Waterfront Land Use Plan that is financially feasible and can be implemented. The Port advises that pursuant to the California Environmental Quality Act, the City is required to prepare an EIR for this project.

The Port reports that the EIR will be produced by the combined, coordinated effort of the City Planning Department and the selected consulting team. According to the Port, the Planning Department has agreed to provide services for which the Port has committed a maximum amount of \$205,000 in work order funds. A consultant contract will provide the

remaining services for a maximum of \$395,000. According to the Port, a contingency fund in the amount of \$39,000 is expected to be needed to respond to public comments on the Draft Land Use Plan that may affect the scope of the EIR.

The \$639,000 in reserved funds would be used to fund the Waterfront Land Use Plan project as follows:

City Planning Department (Work Ordered Funds)

Project Management	\$55,500
Land Use Impact Analysis and Plans/Policies Analysis	10,000
Regional Transportation Analysis and Draft Report	51,200
Archaeology and Historic Building Impact Analysis	19,650
Urban Design Impact Analysis	10,200
Utilities and Public Services Impact Analysis	10,450
Review Methods and Analysis for Housing, Employment & Population	10,000
Write text pursuant to CEQA Sections	4,000
Respond to Comments	<u>34,000</u>

Subtotal City Planning Department \$205,000

Contractual Services

Refine Scope/Work Program	\$7,920
Prepare Draft Notice of Preparation	840
Attend Progress Meetings and Consultations/Presentations	22,556
Attend Public Scoping Meeting	6,332
Develop Alternatives	36,070
Develop Cumulative Future Context	15,098
Prepare Archival Reports	33,665
Prepare Transportation Technical Report	37,792
Prepare Draft EIR	110,455
Draft EIR Graphics	10,260
Project Management	25,400
Prepare Comments and Responses Document	41,915
Prepare Final EIR	7,408
Assist Port on Mitigation Monitoring Program	1,700
Direct Expenses	<u>37,589</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 13, 1994

Subtotal Contractual Services	\$395,000
Contingency Costs @ 6.5%	<u>39,000</u>
Total Estimated Project Budget	\$639,000

Comments:

1. Ms. Kari Kilstrom of the Port advises that Environmental Science Associates, Inc. (ESA), as a result of a competitive bid process, has been selected as the consultant for the above contractual services. According to Ms. Kilstrom, ESA is not an MBE/WBE firm. ESA was selected as the prime contractor from a total of four bidders as follows:

<u>Consultant</u>	<u>Rank</u>	<u>MBE/WBE Subcontract Participation</u>	<u>Bid Amount</u>	<u>Estimated No. of Hours</u>	<u>Range of Hourly Rate</u>
ESA	1	13.7%	\$399,086	4129	\$41-\$160
The Duffey Company	2	28.2%	\$398,682	4053	\$35-\$125
Mundie & Associates	3	42.7%	\$403,000	4779	\$45-\$135
Brady & Associates	4	11.9%	\$389,430	-	\$35-\$150

Ms. Kilstrom advises that ESA was ranked highest by the review panel based upon evaluation criteria provided in the Request For Proposal.

2. According to the Port, the City Planning Department's hourly rates range from \$57.01 per hour to \$95.18 per hour.

3. Ms. Kilstrom advises that although ESA bid \$399,086 on this project, the Port and ESA, through negotiations, agreed upon the \$395,000 amount.

Recommendation: Approve the release of reserve funds in the amount of \$639,000.

Memo to Budget Committee
July 13, 1994

Item 1d - File 101-90-121.4

Department: Water Department

Item: Release of reserved funds, in the amount of \$4,280,000, for the Water Main Replacement Project.

Amount: \$4,280,000

Source of Funds: 1991 Water Bond Funds

Description: The Board of Supervisors previously approved supplemental appropriation ordinances which appropriated a total of \$30,891,000 in 1991 Water Bond Fund revenues for Water Main Replacements (Files 101-90-121 and 101-92-43).

The Water Department reports that of the \$30,891,000 appropriation, \$2,600,000 was transferred to another Water Department project (Service Renewals). Therefore, the total appropriation for the Water Main Replacements project is \$28,291,000.

Of the \$28,291,000 appropriated for Water Main Replacements, \$11,240,000 for construction work was placed on reserve pending the submission of projected cost details and the MBE/WBE status of the contractors. On November 18, 1992, the Board of Supervisors released \$2,600,000 of this reserve (File 101-90-121.2), leaving \$8,640,000 on reserve.

The Water Department is now requesting that \$4,280,000 of the \$8,640,000 currently on reserve be released in order to fund the Water Main Replacements project.

According to the Water Department, the Water Main Replacements project is part of a long-term continuing program to replace old cast iron water mains in San Francisco, many of which were installed over 100 years ago. The sections of water main to be replaced are selected each year by reviewing an existing database of pipes over 100 years old.

The Water Department advises that individual projects generally replace several thousand feet of water main. Selected contractors install the replacement pipe, while the Water Department purchases all materials to be used. In addition, the Water Department reports that it prepares contract specifications and drawings, and performs construction management, inspection, and service connections.

The \$4,280,000 in reserved funds would be used to fund 10 individual main replacement projects as follows:

Project 1 - Sutter Street

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,195
5206 Assoc. Civil Engineer	.25	16,732
5364 Civil Eng. Assoc. I	.50	26,294
6318 Construction		
Inspector	.02	1,195
7250 Utility Plumber		
Supv. I	.10	8,100
7388 Utility Plumber	.65	45,745
7463 Utility Plumber		
Apprentice	.27	17,395
7514 Laborer	<u>.28</u>	<u>12,150</u>

Subtotal In-house Labor 2.08 \$128,806

Supplies* 111,194

Subtotal Water Department \$240,000

Contractual Services

Installation (3,940 feet
@ \$104.45 per foot) 411,520

Total Project 1 \$651,520

Project 2 - 23rd Street

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,250
5206 Assoc. Civil Engineer	.26	17,500
5364 Civil Eng. Assoc. I	.52	27,500
6318 Construction		
Inspector	.02	1,250
7250 Utility Plumber		
Supv. I	.04	3,904
7388 Utility Plumber	.32	22,728
7463 Utility Plumber		
Apprentice	.14	9,060
7514 Laborer	<u>.13</u>	<u>5,858</u>

Subtotal In-house Labor 1.44 \$89,050

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 13, 1994

Supplies*	\$126,150	
Subtotal Water Department	\$215,200	
<u>Contractual Services</u>		
Installation (4,850 feet @ \$77.24 per foot)	<u>374,600</u>	
Total Project 2		\$589,800

Project 3 - Hyde Street

<u>Water Department</u>		
<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,236
5206 Assoc. Civil Engineer	.26	17,309
5364 Civil Eng. Assoc. I	.51	27,199
6318 Construction Inspector	.02	1,236
7250 Utility Plumber Supv. I	.16	12,800
7388 Utility Plumber	1.02	71,636
7463 Utility Plumber Apprentice	.42	26,837
7514 Laborer	<u>.44</u>	<u>19,200</u>
Subtotal In-house Labor	2.84	\$177,453
Supplies*		<u>137,547</u>
Subtotal Water Department		\$315,000

<u>Contractual Services</u>		
Installation (4,225 feet @ \$114.85 per foot)	<u>485,260</u>	
Total Project 3		800,260

Project 4 - Townsend Street

<u>Water Department</u>		
<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,050
5206 Assoc. Civil Engineer	.22	14,700
5364 Civil Eng. Assoc. I	.44	23,100
6318 Construction Inspector	.02	1,050
7250 Utility Plumber Supv. I	.16	12,600

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 13, 1994

7388 Utility Plumber	1.00	\$70,350
7463 Utility Plumber		
Apprentice	.41	26,250
7514 Laborer	<u>.43</u>	<u>18,900</u>

Subtotal In-house Labor	2.69	\$168,000
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Supplies*		<u>150,500</u>
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Subtotal Water Department		\$318,500
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Contractual Services

Installation (4,900 feet		
@ \$80.92 per foot)		<u>\$396,500</u>

Total Project 4		\$715,000
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Project 5 - Chatanooga Street

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,150
5206 Assoc. Civil Engineer	.24	16,100
5364 Civil Eng. Assoc. I	.48	25,300
6318 Construction		
Inspector	.02	1,150
7250 Utility Plumber		
Supv. I	.08	5,700
7388 Utility Plumber	.46	32,500
7463 Utility Plumber		
Apprentice	.19	12,550
7514 Laborer	<u>.19</u>	<u>8,550</u>

Subtotal In-house Labor	1.67	\$103,000
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Supplies*		<u>82,500</u>
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Subtotal Water Department		\$185,500
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Contractual Services

Installation (3,200 feet		
@ \$78.38 per foot)		<u>250,800</u>

Total Project 5		436,300
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BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 13, 1994

Project 6 - Geary Street

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,250
5206 Assoc. Civil Engineer	.26	17,500
5364 Civil Eng. Assoc. I	.52	27,500
6318 Construction		
Inspector	.02	1,250
7250 Utility Plumber		
Supv. I	.06	4,962
7388 Utility Plumber	.41	28,541
7463 Utility Plumber		
Apprentice	.17	11,174
7514 Laborer	.17	7,443

Subtotal In-house Labor 1.62 \$99,620

Supplies* 106,580

Subtotal Water Department \$206,200

Contractual Services

Installation (3,500 feet
@ \$93.52) 327,310

Total Project 6 \$533,510

Project 7 - Green Street

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.02	\$1,500
5206 Assoc. Civil Engineer	.31	21,000
5364 Civil Eng. Assoc. I	.62	33,000
6318 Construction		
Inspector	.02	1,500
7250 Utility Plumber		
Supv. I	.10	8,050
7388 Utility Plumber	.65	45,775
7463 Utility Plumber		
Apprentice	.27	17,600
7514 Laborer	.28	12,075

Subtotal In-house Labor 2.27 \$140,500

Supplies* 104,100

Subtotal Water Department \$244,600

BOARD OF SUPERVISORS
BUDGET ANALYST

Contractual Services
Installation (3,700 feet
@ \$95.74 per foot)

\$354,250

Total Project 7

\$598,850

Project 8 - Sloat Street**

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.02	\$1,500
5206 Assoc. Civil Engineer	.31	21,000
5364 Civil Eng. Assoc. I	.62	33,000
6318 Construction		
Inspector	.02	1,500
7388 Utility Plumber	.02	1,500
7463 Utility Plumber		
Apprentice	<u>.02</u>	<u>1,500</u>

Total Project 8

1.01

60,000

Project 9 - 15th Street**

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,250
5206 Assoc. Civil Engineer	.26	17,500
5364 Civil Eng. Assoc. I	.52	27,500
6318 Construction		
Inspector	.02	1,250
7388 Utility Plumber	.02	1,250
7463 Utility Plumber		
Apprentice	<u>.02</u>	<u>1,250</u>

Total Project 9

.85

50,000

Project 10 - Silver Street**

Water Department

<u>Personnel</u>	<u>FTE</u>	
5210 Sr. Civil Engineer	.01	\$1,125
5206 Assoc. Civil Engineer	.23	15,750
5364 Civil Eng. Assoc. I	.47	24,750
6318 Construction		
Inspector	.02	1,125
7388 Utility Plumber	.02	1,125
7463 Utility Plumber		
Apprentice	<u>.02</u>	<u>1,125</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

Total Project 10	.77	<u>\$45,000</u>
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Total Estimated Budget		\$4,480,240
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*According to the Water Department, supplies include ductile iron pipe, gate valves, fittings and gaskets for the water mains, and the service pipes and fittings to connect each water user to the water main.

**Will fund engineering work pertaining to the preparation of contract work (such as contract specifications). Additional funds required for this project will be requested for release at the time of contract award.

Comments:

1. Mr. Jeff Pera of the PUC reports that through its Request For Proposal processes for each project, the following contractors have been selected: (a) P & J Utility has been selected for Projects 1,3, and 7; (b) Shaw Pipeline has been selected for Projects 4 and 6; and (c) Uniacke has been selected for Projects 2 and 5.

2. According to the Human Rights Commission, P & J Utility, Uniacke, and Shaw Pipeline are not MBE/WBE firms. Mr. Pera reports, however, that P & J Utility, Uniacke, and Shaw Pipeline have MBE/WBE subcontractor participation rates of approximately 25 percent, 30 percent and 25 percent respectively.

3. The total project budget of \$4,480,240, as reflected above, is \$200,240 more than the subject \$4,280,000 requested for release. Mr. Pera reports that the requested release of \$4,280,000 figure is understated by the \$200,240 since the Water Department now has more current information than it did six weeks ago when the subject request was submitted. Therefore, Mr. Pera reports that the legislation should be amended to reflect that the amount of release be modified to \$4,480,240 rather than \$4,280,000. The additional \$200,240 will come from the same 1991 Water Bond Fund reserve of \$8,640,000.

4. Attached is a schedule provided by the Water Department showing the bidders for each project, the amounts bid, whether or not the bidder is an MBE/WBE, the names of the subcontractors of the awarded contractor, the amounts allocated to the subcontractors, and whether or not the subcontractors are MBE/WBE firms.

Memo to Budget Committee
July 13, 1994

- Recommendation:**
1. Amend the body and title of the legislation to reflect that the amount being requested for release is \$4,480,240, or \$200,240 more than the currently stated request of \$4,280,000.
 2. Release \$4,480,240 as requested.

**S.F. Water Department Main Replacement
Reserve Release Request - Bidders**

<u>Job</u>	<u>Prime Contractor</u>	<u>Status</u>	<u>Amount</u>	<u>Sub-Contractors</u>	<u>Status</u>	<u>Amount</u>	
2151-Sutter	P & J Utility Co.		\$411,520 (1)	Esquivel Paving	MBE	\$60,000	14.6%
				Vickers Concrete	MBE	\$20,000	4.9%
				Jenkins Trucking	MBE	\$25,000	6.1%
						\$105,000	25.5%
	Uniacke Construction, Inc.		\$491,500				
	P & M Pipelines		\$485,310				
	E. Mitchell, Inc.	WBE	\$528,510				
2150-23rd Street	Uniacke Construction, Inc.		\$374,600 (2)	Esquivel Paving	MBE	\$95,000	25.4%
				Double B&L Trucking	WBE	\$27,000	7.2%
						\$122,000	32.6%
	E. Mitchell, Inc.	WBE	\$412,225				
	Shaw Pipeline, Inc.		\$428,725				
	Manship Constr. Svcs, Inc. & D.W. Young Constr. Svcs, Inc., A Joint Venture	MBE	\$460,429				
	P & J Utility		\$469,950				
2120-Hyde	P & J Utility Co.		\$485,250 (1)	Esquivel Paving	MBE	\$49,000	10.1%
				Vickers Concrete	MBE	\$25,000	5.2%
				LT Higgins Trucking	MBE	\$42,000	8.7%
						\$116,000	23.9%
	Pan-Marine Constructors, Inc. Shaw Pipeline, Inc.		\$458,725 (3) \$564,925				
2141-Townsend	Shaw Pipeline, Inc.		\$396,500 (1)	Vargas & Esquivel	MBE	\$75,000	18.9%
				J. Higgins Trucking	MBE	\$25,000	6.3%
						\$100,000	25.2%
	Uniacke Construction, Inc.		\$413,500				
	P & M Pipelines		\$433,620				
	P & J Utility Co.		\$445,950				
	Pan Marine Constructors, Inc.		\$493,758				
	E. Mitchell, Inc.	WBE	\$517,830				
2145-Chattanooga	Uniacke Construction, Inc.		\$250,800 (1)	Esquivel Paving	MBE	\$25,000	10.0%
				Double B&L	MBE	\$17,700	7.1%
				Vickers Concrete	MBE	\$20,000	8.0%
						\$82,700	25.0%
2124-Geary	Shaw Pipeline, Inc.		\$327,310 (1)	Vargas/Esquivel Constr.	MBE	\$68,000	20.8%
				Jenkins Trucking	MBE	\$15,000	4.6%
						\$83,000	25.4%
	P & J Utility Co.		\$349,410				
	Uniacke Construction, Inc.		\$355,550				
	Dresser/Areia Construction, Inc.		\$395,485				
	Pan Marine Constructors, Inc.		\$499,450				
2101-Green	P & J Utility Co.		\$354,250 (1)	Esquivel Paving	MBE	\$45,000	12.7%
				Vickers Concrete	MBE	\$26,000	7.3%
				Krystal Trucking	WBE	\$18,000	5.1%
						\$89,000	25.1%
	Shaw Pipeline, Inc.		\$363,900				
	P & P Pipeline		\$439,640				
	Pan Marine Constructors, Inc.		\$504,400				

NOTES:

(1) Contract has been awarded to contractor shown in bold.

(2) This is the apparent low bidder. PUC Staff is recommending award; PUC action is scheduled for its June 28 meeting.

Item 1e - File 96-93-2.1

Department: Department of Public Works (DPW)
Department of Real Estate

Item: Resolution confirming the sale of surplus City-owned property and adopting findings pursuant to City Planning Code Section 101.1.

Amount: \$163,000

Description: In July of 1993, the Board of Supervisors approved Ordinance No. 237-93 (File 96-93-2) which authorized and directed the sale of the following surplus City-owned properties:

<u>Assessor's Block and Lot</u>	<u>Location</u>	<u>Area in Square Feet</u>
22-1260	Castro St. and Duboce Ave.	854
10-2713	Eagle St. and Mono St. at Market St.	2,800
3-5067	Between San Bruno Ave. and Bayshore Blvd. near Beeman Lane	14,400

The proposed resolution would confirm the sales of Assessor's Block and Lot 22-1260 and Assessor's Block and Lot 10-2713. The Real Estate Department reports that Assessor's Block and Lot 3-5067 received no bids and therefore is not part of this proposed legislation. The Real Estate Department reports that it set the minimum bid for the sale of Assessor's Block and Lot 22-1260 at \$35,000 and the minimum bid for the sale of Assessor's Block and Lot 10-2713 at \$125,000. The Real Estate Department advises that these are the fair market values for these properties.

Pursuant to the Board of Supervisors' Ordinance No. 237-93, the Real Estate Department conducted a public auction of the subject properties and received a bid of \$35,000 for Assessor's Block and Lot 22-1260 from John Mellar and Ian Sas, which is the Real Estate Department's estimate of the fair market value for this property as mentioned above. The Real Estate Department received a bid of \$198,000 for Assessor's Block and Lot 10-2713 from James McNamara Construction Company,

which is \$73,000 more than the above mentioned \$125,000 fair market value for this property.

The Real Estate Department advises that the owner of the southeasterly property adjacent to Assessor's Block and Lot 10-2713 possesses access easements which are located on Assessor's Block and Lot 10-2713. The owner has agreed to give the City a quitclaim deed for the access easements in exchange for \$70,000. Mr. Robert Haslam of the Real Estate Department advises that \$70,000 is the fair market value of the easements and that the City would pay the owner the \$70,000 from the proceeds of the sale of Assessor's Block and Lot 10-2713.

The total net sale proceeds to the City from the sale of the subject properties is \$163,000 (\$35,000 in proceeds from Assessor's Block and Lot 22-1260 plus \$198,000 in proceeds from Assessor's Block and Lot 10-2713 less \$70,000 for the acquisition of the quitclaim deed on Assessor's Block and Lot 10-2713).

Comments:

1. Mr. Haslam advises that the subject City-owned properties are surplus properties which have resulted from various street improvement projects. According to Mr. Haslam, Assessor's Block and Lot 22-1260 is a vacant parcel of land which resulted from the extension of Castro Street to Divisadero Street, and Assessor's Block and Lot 10-2713 is a vacant parcel of land which resulted from the widening of Market Street.
2. The Real Estate Department plans to have another auction for the sale of Assessor's Block and Lot 3-5067 within six to nine months, according to Mr. Harry Quinn of the Real Estate Department. He adds that Assessor's Block and Lot 3-5067 is a vacant parcel of land which resulted from the abandonment and relinquishment of an area from the California Department of Transportation (CalTrans) between San Bruno Avenue and Bayshore Boulevard near Beeman Lane.
3. The net proceeds of \$163,000 accrue to the Department of Public Works (DPW) Land Trust Fund which is used to acquire any needed property for DPW.
4. The Department of City Planning reported by letter dated July 13, 1993 that the proposed sale of the subject properties is in conformity with the Master Plan and is consistent with the Eight Priority Policies of Planning Code Section 101.1.

Recommendation: Approve the proposed resolution.

Memo to Budget Committee
July 13, 1994 Meeting of Budget Committee

Item 1f - File 168-94-4

Departments: Real Estate Department
Recreation and Park Department (RPD)

Item: Resolution authorizing a Purchase Agreement for acquisition of real property located in Bernal Heights generally described as a portion of the Bernal Heights Community Garden, identified as City and County of San Francisco Assessor's Block 5556, Lot 56, for open space purposes, and adopting findings pursuant to City Planning Code Section 101.1.

Location: San Francisco Assessor's Block 5556, Lot 56 is located at 305 Franconia Street in Bernal Heights.

Property Description: The proposed property is a 1,750 square foot unimproved lot. The property is bounded on the north and east sides by the Bernal Heights Community Garden, and would form a part of the Community Garden upon acquisition. The south side of the lot is adjacent to an unimproved private property, and the west side of the lot borders Franconia Street. The lot is owned by Ms. Serena De Bellis, Mr. Vincent De Bellis, Ms. Teresa Francis and Mr. Anthony De Bellis.

Amount: \$60,000, plus title insurance and escrow fees not to exceed \$1,000.

Source of Funds: Open Space Acquisition and Park Renovation Fund

Comments: 1. The Recreation and Park Commission has approved this acquisition for Open Space purposes. Funds were originally appropriated in the Department's FY 1992-93 (\$36,000) and 1993-94 (\$25,000) budgets, for a total of \$61,000. Mr. Phil Arnold of the RPD reports that the \$36,000 FY 1992-93 allocation was spent on other approved Open Space acquisitions that were underfunded at the time. However Mr. Arnold advises that the FY 1994-95 budget provides another \$50,000 for the proposed acquisition, for a total (with the \$25,000 FY 1993-94 allocation) of \$75,000. Mr. Arnold advises that the excess \$14,000 in appropriated funds over the \$61,000 purchase price and closing costs will be reallocated within the Open Space budget to other underfunded community gardens projects.

2. Mr. Robert Haslam of the Real Estate Department states that the purchase price of the property represents the current fair market value. Mr. Haslam reports that, as of FY 1993-94, the assessed valuation of the property to be acquired was \$3,724. Based on the 1993-94 fiscal year tax rate of \$1.15 per \$100 of assessed valuation, the taxes paid to the City on the property was approximately \$43. Once the City purchases the property, such taxes would no longer be paid to the City.

3. The City Planning Commission approved Resolution No. 13535 on June 10, 1993, which found that the Park and Open Space Fund program for FY 1993-94, which included acquisition of the proposed property, was in conformity with the Recreation and Open Space Element of the Master Plan and with the Eight Priority Policies of City Planning Code Section 101.1.

4. Mr. Arnold states that the proposed property would be acquired for the purpose of adding it to the Bernal Heights Community Garden. This community garden is one of approximately 22 City-owned community gardens that are administered by volunteer coordinators, who allocate plots to local residents. The addition of the proposed property would make the Community Garden an even rectangle in shape. Mr. Arnold advises that users of the Community Garden will be responsible for all routine maintenance of the proposed property. However Mr. Arnold reports that the RPD budgets approximately \$50,000 in the Open Space budget for maintenance of community gardens citywide, to cover occasional capital costs of community gardens upkeep.

Recommendation:

Approval of Open Space Acquisitions is a policy matter for the Board of Supervisors.

Memo to Budget Committee
July 13, 1994

Item 2 - File 100-94-13

Note: This item was continued by the Budget Committee at its meeting of July 6, 1994.

This is a hearing on the 1994-95 Budget of the City and County of San Francisco.

On June 30, 1994, the Budget Committee approved a recommended 1994-95 budget for submission to the Board of Supervisors on July 18, 1994. This hearing has been calendared to conduct any followup discussion or actions which might be needed.

Memo to Budget Committee
July 13, 1994

Item 3 - File 93-94-13

Note: This item was continued by the Budget Committee at its meeting of June 15, 1994.

1. This item is a proposed resolution ratifying a Memorandum of Understanding between the City and County of San Francisco and the San Francisco Police Officers Association. The MOU would be in effect until June 30, 1998.

2. The proposed MOU would approve the following hiring plan for new Police Officers. This hiring plan has been funded in the 1993-94 budget (for new hires made in February, May and June, 1994) and is part of the Mayor's recommended 1994-95 budget (for new hires to be made in September, 1994 and March, May and June, 1995).

<u>Date of Hire</u>		<u>Number to Be Hired</u>	
February	1994	48	New Recruits
May & June	1994	31	Lateral Transfers
September	1994	30	Lateral Transfers
March	1995	69	New Recruits *
May	1995	45	New Recruits
June	1995	<u>45</u>	New Recruits
		268	Total Additional Police Officers
			Projected Number of Sworn Officers by June, 1995 if no new officers were hired.
		<u>1,735</u>	
		2,003	Total Sworn Officers with Completion of Hiring Plan

* Will require two simultaneous recruit classes

3. According to the proposed MOU, additional Police Officers would be allocated to the following units. This proposed allocation adds 187 officers, although the hiring plan detailed above calls for the addition of 268 new Police Officers. The difference is due to the anticipated effects of attrition.

The allocation of the 187 net new Police Officers specified by the proposed MOU is as follows:

<u>Unit</u>	<u>Current No. of Q2 Officers Assigned</u>	<u>Increase</u>	<u>Projected Staffing</u>
Central Station	89	12	101
Southern Station	93	12	105
Potrero Station	86	17	103
Mission Station	115	20	135
Northern Station	120	15	135
Park Station	64	14	78
Richmond Station	59	14	73
Ingleside Station	96	14	110
Taraval Station	73	14	87
Tenderloin Station	58	15	73
Traffic Division	58	10	68
Crime Prevention Task Force	50	10	60
Muni Transit	<u>30</u>	<u>20</u>	<u>50</u>
Total	991	187	1,178

4. The Controller estimates that the projected cost of the proposed MOU is as shown in the table below for Fiscal Years 1993-94, 1994-95 and the ongoing cost thereafter, based on 1994-95 salary levels. The costs for 1993-94 will be paid from the Department's existing budget, with no new funds. The costs for 1994-95 are included in the Mayor's recommended 1994-95 budget.

	<u>1993-94</u>	<u>1994-95</u>	<u>Annual Ongoing Costs after 1994-95</u>
Increased Salaries	\$1,221,033	\$6,844,343	\$10,075,068
Fringe Benefits	455,690	2,554,309	3,761,135
Attrition Savings	(831,953)	(2,828,641)	
Additional Overtime Spending	<u>75,000</u>	<u>559,125</u>	<u>936,000</u>
Net Increase	\$919,770	\$7,129,136	\$14,772,203

Based on the Budget Analyst's review of the Controller's estimate, and a review of the Police Department's 1994-95 proposed budget, we concur with the estimated costs shown above.

5. The MOU further provides that the strength of the Police Department shall be maintained at no less than 1,971 sworn Police Officers. The MOU also states that, beginning in November, 1995, if the number of sworn Q2 Police Officers drops below the levels listed in Point 3 above, Extended Work Week (i.e. Police overtime) will be utilized to bring staffing up to the specified levels. For purposes of determining staffing levels, Police Officers are not counted as part of their unit's staffing levels if they are on extended sick leave, leave without pay, disability leave, detailed outside their units or otherwise unavailable for duty. Therefore, actual staffing levels will have to increase over the levels specified in

Memo to Budget Committee
July 13, 1994

the table in Point 2 above to account for Police Officers who are not available for the reasons listed above.

6. The MOU also provides that, beginning November, 1995 if the actual number of Inspectors drops below the level of 285, overtime would be used to increase staffing to the specified level of 285 full time equivalent Inspectors. However, the MOU stipulates that should the Department reach an agreement on career development (to be negotiated), Sergeants may be substituted for Inspector's positions.

7. Lastly, the MOU stipulates that the City will continue to identify the need to civilianize certain positions within the Department and that particular attention will be given to administrative positions that are currently filled by sworn officers. The MOU states that the number of promotive positions in the Department (i.e. ranks above the Q2 Police Officer level, such as Sergeants, Lieutenants and Captains) shall not be reduced, in order to preserve affirmative action goals for promotional opportunities, unless a sworn position is civilianized.

Comments:

1. The Mayor and the Chief of Police remain in favor of this proposed MOU although Proposition D was approved by the voters in the interim period since the proposed MOU was submitted to the Board of Supervisors. According to Chief Ribera, the specification of minimum staffing levels in San Francisco neighborhoods implements the intent of Proposition D and is therefore a desirable addition.

2. The potential cost of provisions to "backfill" sworn positions should staffing levels fall below levels prescribed by the MOU (described in points 5 and 6 above) has not been included in the cost estimates of the Controller as shown in Point 3 above. Should such costs be incurred, because of non-compliance with the specific staffing requirements of the MOU, the potential liability of paying overtime to backfill Police Officer and Inspector positions could be significant. These potential costs cannot be estimated at this time. Such costs will not be incurred if the Police Department's ongoing hiring plan permits field assignment of uniform personnel in conformance with MOU requirements and if a career development agreement with Inspectors is negotiated by the Department prior to November, 1995.

3. The Committee has requested clarification of the relationship of the proposed MOU with Proposition D which was approved by the voters in the June 7, 1994 election.

The Budget Analyst has summarized the key features of Proposition D and the proposed MOU in the following table:

Proposition D

- a) Not later than June, 1995, the police force of the City and County shall at all times consist of not fewer than 1,971 full duty officers. "Full duty" is not defined.

At any given point in time, the Police Department may have 20 to 25 Police Officers on permanent light duty, up to 100 or more on temporary light duty, and up to ten Police Officers on leave without pay. Therefore, if "full duty" were to be defined to exclude these Police Officers from the 1,971 specified level, Proposition D may mandate the employment of approximately 2,100 sworn Police Officers. "Full Duty" is not defined in Proposition D.

- b) Thereafter, the number of full duty officers shall be maintained at the level of 1,971
- c) Proposition D requires annual reviews of civilianization opportunities. Should civilians replace sworn personnel in certain functions, such replaced sworn personnel shall be assigned to field duty "to maximize police presence in the communities". Therefore, civilianization would create more expenditures, since no savings in sworn personnel would occur if a function is staffed by a civilian instead of a Police Officer.

Proposed MOU

- a) The number of sworn personnel shall increase to an estimated number of 2,003 by November, 1995, and be maintained at that level, through replacement of attrition or through the use of overtime assignments.

- b) The estimated increased number of sworn Q2 Police Officers will be assigned to specific field operations units in specific numbers (see the table under Item 3 of this report).
- c) For the period July 1, 1995 through June 30, 1998, sworn staffing levels shall not decrease below the number of 2,003 or the equivalent sworn strength which must be achieved through overtime assignment if the number of Police Officers drops below 2,003, or if the allocation of personnel to field units (see the table under Item 3 of this report) is under the minimum specified level for each unit.

Although the MOU permits the reduction of sworn personnel if an administrative position is civilianized, potential savings from civilianization are mitigated by the MOU clause that prohibits the elimination of "promotive (uniform) positions" (i.e., ranks above the entry level Q2 Police Officer position) even if a function is civilianized. Therefore, it is unlikely that future savings that could be achieved by civilianization as the MOU specifies levels of such Q2 positions.

Proposition D

Proposed MOU

d) There shall be no reduction in the number of full duty sworn officers dedicated to neighborhood policing and patrol in future years, and all new full duty sworn officers shall also be dedicated to neighborhood community policing, patrol and investigations.	d) The MOU specifies full staffing levels for Inspectors at 285. As with Q2 positions, overtime pay will be used to achieve such staffing levels if the number of filled Inspector positions is below the minimum level of 285.
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4. The Controller's statement on Proposition D estimated an increased cost of "at least a range of \$13.8 million to \$17.3 million annually depending on the number of light duty Police Officers returned to full duty". The Controller's estimated ongoing cost of \$14.8 million for the MOU recognizes that the required level of Police staffing shall be maintained at 1,971 for the term of the MOU while Proposition D may require the employment of up to 2,100 Police Officers depending on the interpretation of the term "full duty officers" (see discussion in Table above under Point a.)

However, the Budget Analyst notes that the \$14.8 million estimated ongoing cost for the MOU does not include potentially greater costs, from the use of overtime, that may be incurred should field unit strength fall below levels specified for individual units in Point 3 of this report. Further, while both Proposition D and the proposed MOU encourage civilianization, neither Proposition D or the MOU would likely result in savings should civilianization take place. Civilianization will result in greater costs under Proposition D since civilian employees could be added to the Police Department budget, but sworn personnel could not decrease below the level of 1,971 full duty Police Officers. Under the proposed MOU, promotive positions (above the rank of the Q2 Police Officer) could not be reduced even if a sworn position is civilianized, and it would be unlikely that Q2 positions would be reduced since specific field unit staffing levels are required by the MOU. Also, while Proposition D is silent on minimum staffing levels for Investigators, the proposed MOU specifies a minimum level of 285 which may result in increased costs should the Department not negotiate a "Career Development Plan" by November, 1995.

5. The proposed 1994-95 Police Department budget, as recommended by the Mayor, includes completion of a hiring plan that would satisfy the requirements of both Proposition D and the proposed MOU. As shown under Point 4 of this report, the estimated incremental cost of completing the hiring plan, which is included in the proposed budget, amounts to approximately \$7.1 million under both Proposition D and the proposed MOU.

6. According to Deputy City Attorney Vicky Clayton, a primary difference between the Proposition D Charter Amendment and this proposed MOU is the method in which each can be enforced. A letter from Ms. Clayton dated June 14, 1994 states the following:

" Under the MOU, the union may grieve the department's failure to meet any of the terms of the MOU. For example, the union could grieve failure to maintain minimum staffing by assigning officers to work overtime. The grievance would be decided by an arbitrator and could potentially result in an award of back pay. In contrast, challenges to the implementation of the charter amendment would be based on failure to hire rather than assign overtime; would be decided by a court; and would not result in any backpay award.

Practically speaking, the result of approval of the MOU will create two binding sets of obligations with which the city must comply."

7. While it is possible for the City to comply with both the mandates of Proposition D and the MOU, approval of the MOU would result in a requirement that the City comply with an additional obligation with significant potential financial liability. The financial liability would result from the need to backfill vacancies or cover discrepancies from police staffing allocations to field units with the use of overtime pay. The amount of additional spending that would be required would depend on whether, and by how much, deviations from the current and future hiring plans occur. If, for example, it became necessary to backfill an additional 10 Police Officer equivalent positions because of this MOU, the additional cost, at present rates of compensation, for overtime expenditures would be approximately \$774,000 annually.

The potential liability of paying overtime to backfill Police Officer and Inspector positions, due to non-compliance with the various staffing requirements of the MOU, could be significant. From a financial standpoint therefore, the Budget Analyst recommends disapproval of the proposed MOU.

Recommendation

Disapprove the proposed resolution.

Memo to Budget Committee
July 13, 1994

Item 4 - File 172-94-2

Note: This item was rereferred to Budget Committee from Board on April 11, 1994 with direction to report back to the Board on July 18, 1994.

Item: Resolution authorizing the execution of an amendment to the Joint Powers Agreement between the City and County of San Francisco, the San Mateo County Transit District and the Santa Clara County Transit District to replace an appointment made by the City's Public Utilities Commission (PUC) as a representative of the City on the Joint Powers Board (JPB) with a member appointed by the Airports Commission.

Description: On August 20, 1991 the City entered into a Joint Powers Agreement (JPA) with the San Mateo County Transit District (SamTrans) and the Santa Clara County Transit District regarding the Peninsula Corridor Project. The Peninsula Corridor Project involves the CalTrain route that currently extends from Gilroy to San Francisco. At that time, a Joint Powers Board (JPB) was established as the eventual successor to the California Department of Transportation (Caltrans) to oversee the CalTrain operator, which is currently Amtrak.

The JPB consists of nine members, three of which represent the City and County of San Francisco. One member is an appointment of the Mayor, one is an appointment of the Board of Supervisors and one is an appointment of the PUC.

The proposed resolution would amend the JPA to replace the City's PUC representative with a member appointed by the Airports Commission. According to the proposed resolution, the Airport, through its Master Plan, is working with Peninsula agencies and jurisdictions on the development of intercounty transportation and traffic mitigation systems along the corridor served by CalTrain. Proposition M, which the electorate approved in November of 1993, authorized the creation of a Department of Transportation to which Muni would be transferred from the PUC. Thus, according to the proposed resolution, the City's PUC representative to the JPB should be replaced with a member appointed by the Airports Commission.

Comments: 1. Approximately 40 percent of CalTrain's operating costs are recovered through fares resulting in a 60 percent annual operating deficit. The annual Federal subsidy is subtracted from the 60 percent deficit. The balance, after subtracting the Federal subsidy, is borne by the counties of San Francisco, San Mateo and Santa Clara based on their respective riderships.

San Francisco's share is 10.2 percent, San Mateo's share is 51 percent and Santa Clara's share is 38.8 percent.

2. The Mayor's FY 1994-95 budget provided no funding for San Francisco's share of the operating costs of CalTrain. The Department's 1994-95 budget request, approved by the Mayor, "assumes that San Francisco's costs for FY 1994-95 would be funded outside of Muni's budget." The Peninsula Corridor Joint Powers Board's FY 1994-95 budget proposal includes the San Francisco share of the operating costs of CalTrain at \$3,053,230. The Budget Committee's recommended plan to balance the FY 1994-95 budget provides for this underbudgeted expenditure of \$3,053,230.

3. On February 22, 1994, the PUC approved a resolution urging the Mayor to execute on behalf of the City and County of San Francisco an amendment to the JPA governing the Peninsula Corridor Project to replace the City's PUC representative with a member appointed by the Airports Commission. According to the PUC resolution, with the implementation of Proposition M, the JPA must be amended because the PUC will no longer be concerned with transportation matters.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 5 - File 253-92-2

Note: This item was continued by the Budget Committee at its meeting of March 30, 1994.

Item: Hearing to consider the action plans of the Workers Compensation Task Force

Description: Legislation was enacted in October, 1991 (File 97-91-38) to establish a permanent Workers Compensation Task Force, consisting of the following City officials or their representatives: the Risk Manager, Mayor's Budget Director, Board of Supervisors Budget Analyst, General Manager of the Employees Retirement System (ERS), Director of the Employee Relations Division, General Manager of the Civil Service Commission (whose duties have now been assumed by the Director of Human Resources), two department heads designated by the Task Force members, one member representing the business community designated by the Task Force members, and a representative from the City's Occupational Safety and Health Program. At the present time, the two departments having representatives on the Task Force are the Department of Public Health and the Municipal Railway.

Under Section 16.83-3 of the Administrative Code, the purpose of the Task Force is to:

- (1) act in an advisory capacity in all matters pertaining to workers compensation cost containment as required for the guidance of managers, department heads, and City officials;
- (2) make recommendations regarding consolidation of responsibilities to improve efficiency in managing claims;
- (3) assist the Retirement Board to establish and maintain statistical data relating to work-related injuries and illnesses; and,
- (4) submit a semiannual report to the Board of Supervisors concerning the progress of the Task Force in achieving workers compensation cost containment.

The subject hearing concerns the status of the action plans of the Workers Compensation Task Force.

Comments: 1. The last meeting of the Workers Compensation Task Force was held on March 21, 1994. At the meeting the

BOARD OF SUPERVISORS
BUDGET ANALYST

WCTF created six subcommittees. These subcommittees and the current status of their activities are as follows:

The Strategic Planning Subcommittee: The Strategic Planning Committee is currently working on a long range plan for the City's Workers compensation program, including planning for the implementation of recommendations made in the Budget Analyst's management audit of the WCD.

The Request for Proposal Subcommittee: The Request for Proposal Committee has released a RFP, which was approved by the Retirement Board on June 24, 1994 for a workers compensation medical treatment facility. According to Ms. Clare Murphy, General Manager of the Employees Retirement System (ERS), the RFP has been sent to every hospital in San Francisco, and the bidding was advertised in local newspapers. The deadline to submit bids is August 5, 1994 and will result in a contract beginning January 1, 1995. The RFP subcommittee will review the proposals and the Retirement Board will make the final contract decision, according to Ms. Murphy. However, if the Workers Compensation Division of the ERS is transferred to the Department of Human Resources before the contract decision, the Department of Human Resources will make the final contract decision.

Currently, St. Francis Memorial Hospital holds the contract for the City's workers compensation medical treatment facility. St. Francis Hospital is therefore responsible for the initial treatment of most injured City workers. Most fees are subject to the State's Official Medical Fee Schedule for workers compensation medical services. However, some services are not subject to this fee schedule, but are only subject to the contract rate. According to Ms. Murphy, the contract has averaged approximately \$2.5 million each year over the past five years.

A performance audit was conducted of the third party claims administrator, the Noetics Group, and their contract was renewed for another year beginning July 1, 1994. The performance audit was conducted by the City Retirement Systems Workers Compensation Contract Manager and the private consulting firm of L.A. Marcus & Co. Ms. Murphy states that some modifications were made in the new contract regarding monitoring procedures, but the contract cost of approximately \$2.38 million remains the same as the previous year. Ms. Murphy also reports that the Noetics

Group is now owned by the Foundation Health Plan and the Retirement Board is monitoring this change of ownership.

Health and Safety Subcommittee: According to Ms. Vicki Wells, of the Occupational Safety and Health Division of the Department of Public Health, this subcommittee has completed an audit of every City department's health and safety record keeping. The subcommittee has prepared a report for each department to help them organize their records and become more accountable in keeping health and safety records. In February 1993, this subcommittee proposed a work plan for the City to improve its Occupational Health and Safety Program in a report entitled Occupational Health and Safety. Currently, the subcommittee is waiting for that work plan to be implemented by the Department of Human Resources. The Department of Human Resources, under the Proposition L Charter Amendment, is now responsible for coordinating health and safety programs.

Return to Work Subcommittee: This subcommittee is continuing its efforts to facilitate the implementation of effective return to work programs among City departments, consistent with the existing Task Force mandate. According to Mr. Barrie Stewart of the Mayor's Budget Office, the subcommittee has created a model for a proposed return to work program which it hopes to adopt as Civil Service Commission Rule 35. The proposed return to work program will provide modified work assignments for employees who have sustained an occupational injury or illness to enable these employees to return to work as soon as possible, consistent with their medical restrictions. The proposed return to work program will be formally presented to the Civil Service Commission on July 18, 1994 where the public will have an opportunity to comment on the program. If the Civil Service Commission adopts the program, it will be referred to the Department of Human Resources, Employee Relations Division for required meet and confer proceedings with employee organizations.

Management Information Systems Subcommittee: This committee will meet on July 8, 1994 to continue to facilitate the collection of workers compensation statistical data and to make recommendations for improving data collection systems in accordance with the current Task Force mandate.

Legislation Review Subcommittee: This committee was created to evaluate legislative proposals concerning workers

Memo to Budget Committee
July 13, 1994, Budget Committee Meeting

compensation reform in the City, in order to assign legislative priorities, ensure consistency among proposals, prevent duplication or overlap, and consolidate proposals as necessary. A chair has not been chosen for this subcommittee. Mr. Stewart reports that this subcommittee has not convened since it was established at the March 21, 1994 meeting, because proposed legislation, regarding occupational health and safety issues, is still pending in the City Attorney's Office.

2. The next meeting of the Workers Compensation Task Force was scheduled for July 12, 1994.

Item 6 - File 195-94-3

Item: Resolution submitting to the qualified electors of the City and County of San Francisco on November 8, 1994 a proposition authorizing the City to enter into lease financing arrangements for the acquisition, construction, or reconstruction of facilities to replace the existing San Bruno Jail facilities.

Amount: \$210 million

Description: The proposed resolution would submit to the San Francisco electorate at the election of November 8, 1994 the following proposition to authorize \$210 million in lease financed Certificates of Participation for a new jail facility:

Shall the City enter into lease financing arrangements with the City and County of San Francisco Finance Corporation, or a similar non-profit organization, the obligations or evidence of indebtedness with respect to which shall not exceed the aggregate principal amount of Two Hundred Ten Million Dollars (\$210,000,000) for the purpose of acquiring, constructing, or reconstructing County correctional facilities to replace the existing San Bruno Jail facilities, including replacement housing, administrative buildings, health clinics, training range, special housing units, health and safety improvements, renovation of certain improvements, and related acquisition, construction, or reconstruction necessary or convenient for the foregoing purposes.

The Board of Supervisors has recently approved a resolution submitting to the electorate a proposed General Obligation Bond measure of \$195.6 million to construct a new County Jail facility to replace the existing San Bruno Jail. The proposed General Obligation bonds must be approved by a two-thirds majority of the electorate, and would be repaid from an increase in the property tax of approximately \$.0308 per \$100 of assessed value.

This proposed resolution would provide an alternative method of financing the construction of a new County Jail at San Bruno, by entering into lease financing arrangements with a non-profit organization (such as the City and County of San Francisco Finance Corporation) to issue Certificates of Participation to construct the new jail. A Certificate of Participation (COP) is a financing technique which provides long term financing through a lease or installment sales agreement. The proposed resolution would authorize a ballot

proposition which, if approved by a simple majority of the voters, would authorize the City to enter into lease financing arrangements to construct a new County Jail at San Bruno.

Under this proposal, \$57,345,532 of the estimated \$195,600,000 cost to construct the new jail would be funded directly by the General Fund over the first seven years of the project, from approximately July 1, 1995 to June 30, 2002. This \$57,345,532 General Fund contribution would not be financed through the use of Certificates of Participation. The remaining \$138,254,468 cost of the project would be lease-financed through Certificates of Participation issued by a non-profit agency. Since the non-profit agency would finance the project through the sale of Certificates of Participation, the City would make annual lease payments to the non-profit agency for 20 to 30 years, depending on the interest rate and the repayment period. The non-profit agency would use the City's lease payments to repay the Certificates of Participation. The City would acquire title to the new jail facility once all of the lease payments had been made. The City's lease payments would also be funded by the General Fund.

The following table summarizes the total cost to construct a new County Jail using the proposed lease financing mechanism, at an estimated interest rate of 8 percent:

	Principal Amount		Interest	
	Project Costs	Financing Costs	(at 8 pct.)	Total Costs
Direct General Fund Support	\$57,345,532	\$ 0	\$ 0	\$ 57,345,532
Certificates of Participation	<u>138,254,468</u>	<u>70,955,897</u>	<u>129,766,376</u>	<u>338,976,741</u>
	\$195,600,000	\$70,955,897	\$129,766,376	\$396,322,273

The proposed resolution would authorize the City to lease finance up to \$210 million to construct the new jail. This \$210 million to be financed through Certificates of Participation consists of \$138,254,468 in direct project costs, \$70,955,897 in "financing costs," and \$789,635 for contingencies (since interest rates may increase before the COPs are sold) for a total of up to \$210 million which would be lease-financed through a non-profit agency. The CAO currently estimates that the amount which would be financed would be \$209,210,365 (\$138,254,468 in direct project costs and \$70,955,897 in financing costs), rather than \$210 million.

Financing costs are included in the amount of \$70,955,897 for the following purposes:

BOARD OF SUPERVISORS
BUDGET ANALYST

Debt service reserve fund	\$22,918,000
Issuance costs	2,430,873
Capitalized interest	<u>45,607,024</u>
Total	\$70,955,897

Capitalized interest refers to funds which would be borrowed in order to make the initial repayments against the \$138,254,468 principal amount which would be lease financed. Under State law, lease financing payments cannot be made until after a facility has been constructed and occupied by the lessor. Therefore, the \$45,607,024 cost for capitalized interest would be used to repay interest only to the owners of Certificates of Participation between the time that construction begins and the time that the facility is occupied and lease payments can begin.

The CAO estimates that interest on the \$209,210,365 estimated principal amount (\$138,254,468 in direct project costs and \$70,955,897 in financing costs) over a 20 year lease financing period would be \$129,766,376, for total lease financing costs for Certificates of Participation of \$338,976,741 over 20 years. Including an additional \$57,345,532 in direct General Fund support which would be provided during the first seven years of the project (before Certificates of Participation are issued), the total cost to construct the new jail under this proposal would be \$396,322,273.

Unlike the proposed General Obligation bonds to construct a new jail, which would be fully offset by increased property tax revenues, the estimated \$396,322,273 cost to construct a new jail using Certificates of Participation would be paid entirely from the General Fund over a period of 22 years (including seven years of direct General Fund support between 1995 and 2001, and 20 years of lease financing between 1997 and 2017). An attachment to this report presents estimates prepared by the Chief Administrative Officer (CAO) concerning the annual cost to the General Fund to finance the new jail facility under this proposal over the 22 year financing period. This table reflects that a General Fund contribution of \$4.9 million would be required in the current 1994-95 fiscal year, and that the General Fund would make an average payment of more than \$18 million annually through 2017 (\$396,322,273 total cost divided by 22 years).

Comments:

1. A proposed General Obligation Bond measure which will be submitted to the voters on November 8, 1994 would also provide \$195.6 million to construct the new jail. However, the debt service requirements of the proposed \$195.6 million

General Obligation bonds would be fully offset by increased property tax revenues.

The CAO's Office estimates that the total debt service requirement to issue \$195.6 million in General Obligation bonds, at an estimated interest rate of 8 percent over 20 years, would be \$483,931,861, or approximately \$24.2 million annually. This \$483,931,861 total cost for General Obligation bond financing is \$87,609,588 or approximately 22 percent more than the total \$396,322,273 cost to finance the new jail under the lease financing proposal, which is based on (1) an initial General Fund direct subsidy of \$57,345,532 and (2) total debt service requirements for the proposed Certificates of Participation of \$338,976,740.

According to Ms. Laura Wagner-Lockwood of the CAO's Office, the overall costs to finance the jail construction using General Obligation bonds are higher primarily because more of the \$195.6 million in total project costs would be financed under the bond proposal than under the lease financing proposal.

Specifically, under this lease financing proposal, the City would pay \$57,345,532 in direct General Fund support during the first seven years of the project (representing 29.3 percent of total project costs of \$195.6 million) and would lease finance only \$138,254,468. The \$138,254,468 that would be lease financed for the jail is \$57,345,532 less than the \$195.6 million that would be issued in General Obligation bonds. Since a smaller principal amount would be financed with Certificates of Participation, it would be less costly to repay the lease-financed COP's than to repay the General Obligation bonds. The higher interest costs associated with borrowing a larger principal amount using General Obligation bonds are especially pronounced over a repayment period of approximately 20 years.

In summary, the City could finance the new jail construction at a total debt service cost of \$396,322,273 using Certificates of Participation under the lease financing proposal, compared to a total debt service cost of \$483,931,861 under the General Obligation bond proposal, provided (1) that the City appropriates \$57,345,532 in General Fund monies for jail construction over the seven year period between 1994-95 and 2001-02, in order to reduce the amount of project costs which would be lease-financed, and (2) that the City appropriates an average of more than \$18 million annually from the General Fund to finance the construction of the new jail over a 22 year period between July 1, 1995 and July 1, 2017 in order to pay total debt service costs of \$396,322,273.

Although the proposed General Obligation bonds for jail construction would require an additional \$87,609,588 in total debt service over 20 years, (1) the General Obligation bonds would be used to finance the entire \$195.6 million project costs, and (2) the \$483,931,861 debt service costs of the General Obligation bonds would be fully offset by increased property tax revenues.

2. The Capital Improvements Advisory Committee has recommended strongly in favor of constructing a new San Bruno Jail. Mr. Rudy Nothenberg, the City's Chief Administrative Officer, states that the choice of financing for the proposed new facility is a policy matter for the Board of Supervisors, inasmuch as the necessary funds to construct the facility could be raised either by issuing General Obligation bonds or Certificates of Participation.

3. In summary, the total debt service cost to finance the new jail using \$210 million in lease-financed Certificates of Participation would be \$396,322,273, compared to a total debt service cost of \$483,931,861 to issue \$195.6 million in General Obligation bonds. General Obligation bonds would therefore require approximately \$87 million in increased debt service requirements compared to lease-financing. However, the debt service costs of General Obligation bonds would be fully offset by an increase in the property tax (at the rate of \$.0308 per \$100 of assessed value) over 20 years, whereas the lease-financing proposal based on Certificates of Participation would require an average payment of more than \$18 million annually from the City's General Fund over 22 years.

General Obligation bonds must be approved by a two-thirds majority of the electorate. The lease-financing proposal which is the subject of the proposed resolution would require approval by a simple majority of the electorate.

Recommendation: Approval of the proposed resolution, which would submit to the electorate a proposition authorizing the City to enter into lease financing arrangements to construct a new county jail facility, is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO - NEW JAIL FACILITIES

TOTAL GENERAL FUND OBLIGATION COP ISSUES

Date	Pay-As-You-Go	First Financing	Second Financing	Total Pay-As-You-Go	Total Debt Financing	Total General Fund Obligation	FY General Fund Obligation
7/1/84	0			0	0	0	
1/1/85	4,859,412	0		4,859,412	0	4,859,412	4,859,412
7/1/85	9,237,672	0		9,237,672	0	9,237,672	
1/1/86	9,237,676	0		9,237,676	0	9,237,676	18,475,348
7/1/86	9,237,676	0		9,237,676	0	9,237,676	
1/1/87	11,265,151	0		11,265,151	0	11,265,151	20,502,825
7/1/87	6,508,633	48,780		6,508,633	48,780	6,557,413	
1/1/88	3,469,312	249,695	0	3,469,312	249,695	3,719,007	10,276,420
7/1/88	0	1,278,130	0	0	1,278,130	1,278,130	
1/1/89	0	715,000	0	0	715,000	715,000	1,993,130
7/1/89	317,453	1,659,440	0	317,455	1,659,440	1,976,895	
1/1/90	494,740	848,240	0	494,740	848,240	1,342,980	3,319,675
7/1/90	337,308	1,693,240	0	337,308	1,693,240	2,030,548	
1/1/91	1,538,999	814,440	0	1,588,999	814,440	2,401,439	4,431,987
7/1/91	793,499	1,724,440	12,339,410	793,499	14,063,850	14,857,349	
1/1/92		778,040	6,655,810	0	7,433,850	7,433,850	22,291,199
7/1/92		1,763,040	12,555,810	0	14,318,850	14,318,850	
1/1/93		758,840	6,419,810	0	7,158,450	7,158,450	21,477,300
7/1/93		1,803,640	12,794,810	0	14,598,450	14,598,450	
1/1/94		696,040	6,164,810	0	6,860,850	6,860,850	21,459,300
7/1/94		1,841,040	13,054,810	0	14,895,850	14,895,850	
1/1/95		660,240	5,899,210	0	6,539,450	6,539,450	21,435,300
7/1/95		1,890,240	13,329,210	0	15,219,450	15,219,450	
1/1/96		600,640	5,591,810	0	6,192,250	6,192,250	21,411,700
7/1/96		1,935,840	13,625,810	0	15,562,250	15,562,250	
1/1/97		647,240	5,270,210	0	5,917,450	5,917,450	21,379,700
7/1/97		1,987,240	13,945,210	0	15,932,450	15,932,450	
1/1/98		489,840	4,923,210	0	5,412,850	5,412,850	21,345,300
7/1/98		2,049,840	14,288,210	0	16,337,850	16,337,850	
1/1/99		427,240	4,648,810	0	4,975,850	4,975,850	21,313,700
7/1/99		2,107,240	14,868,810	0	16,775,850	16,775,850	
1/1/10		360,040	4,143,810	0	4,503,850	4,503,850	21,279,700
7/1/10		2,180,040	15,073,810	0	17,253,850	17,253,850	
1/1/11		287,240	3,706,810	0	3,993,850	3,993,850	21,247,700
7/1/11		2,247,240	15,511,810	0	17,758,850	17,758,850	
1/1/12		208,840	3,234,410	0	3,443,250	3,443,250	21,202,100
7/1/12		2,333,840	15,979,410	0	18,313,250	18,313,250	
1/1/13		123,840	2,724,610	0	2,848,450	2,848,450	21,161,700
7/1/13		2,294,140	16,489,610	0	18,773,750	18,773,750	
1/1/14		0	2,174,010	0	2,174,010	2,174,010	20,947,760
7/1/14		0	17,044,010	0	17,044,010	17,044,010	
1/1/15			1,579,210	0	1,579,210	1,579,210	18,623,220
7/1/15			17,639,210	0	17,639,210	17,639,210	
1/1/16			936,810	0	936,810	936,810	18,576,020
7/1/16			17,311,575	0	17,311,575	17,311,575	
1/1/17			0	0	0	0	17,311,575
7/1/17			0	0	0	0	
							0
	57,345,532	39,362,065	299,614,675	57,345,532	338,878,740	396,322,273	396,322,273

Item 7 - File 124-94-8

- Departments:** Police Department
Department of Parking and Traffic (DPT)
- Item:** Ordinance amending Article 9 of the San Francisco Traffic Code by adding Section 170.2-A and 170.2-B thereto, providing for the collection of an administrative fee for the towing of vehicles under certain conditions and as ordered by the Police Department, and amending Chapter 10C of the San Francisco Administrative Code by amending Section 10C.1.
- Description:** The proposed ordinance would amend the San Francisco Traffic Code by adding Sections 170.2-A and 170.2-B, which would require the payment of an administrative fee by vehicle owners for the towing and impoundment of vehicles that are removed under the following circumstances, in accordance with California Vehicle Code Sections 22651 (h) and (p), 22655.5 and 22850.5.
- The driver is arrested and taken into custody; or
 - The person is driving with a suspended or revoked driver's license; or
 - Probable cause exists to believe that the motor vehicle was used to commit a public offense or is evidence in a crime.
- The proposed new Section 170.2-A of the Traffic Code would authorize the Chief of Police to impose an administrative fee on the owner of a vehicle which is towed under the foregoing circumstances. The administrative fee would not exceed the actual costs incurred by the Police Department for the removal and impoundment of vehicles. The Police Department advises that, based on actual costs as reported by other jurisdictions that charge administrative fees on towed vehicles, the Police Department is considering an administrative fee of \$150 per vehicle towed. However, the amount of the administrative fee would be subject to approval by the Board of Supervisors. According to the Police Department, approximately 2,000 vehicles would be towed annually under the circumstances described above, pursuant to Sections 22651 (h) and (p), 22655.5 and 22850.5 of the California Vehicle Code. Thus, the proposed ordinance would produce annual revenues to the City of approximately \$300,000.
- The proposed new Section 170.2-B would establish the Traffic Offender Fund. The Traffic Offender Fund would consist of administrative fee revenues, the expenditures of which would

be used exclusively for the Traffic Offender Program. The Traffic Offender Program would provide funds for greater enforcement of the California Vehicle Code. In addition, the Program would provide seminars for Police Officers in order to familiarize them with the provisions of the California Vehicle Code, so that they could more easily charge drivers with the appropriate offense, thereby making it easier for the District Attorney's Office to prosecute persons with suspended or revoked driving privileges, unlicensed drivers, and persons driving under the influence of alcohol or drugs. According to Officer Robert Mattox of the Police Department, the Traffic Offenders Program would generate additional revenue for the City in the form of additional fines resulting from the increased number of cases prosecuted by the District Attorney.

Expenditures under the Traffic Offender Program, which would cost approximately \$225,000 per year, would include the purchase of equipment, contractual services from City Tow, Inc., materials and supplies, and the costs of services of the District Attorney's Office. One new District Attorney position, at an annual cost of approximately \$60,000, would be added to the District Attorney's Office in order to prosecute the cases brought in through enhanced enforcement of the Vehicle Code. The Police Department advises that the Department is applying for a \$417,000 grant from the State Office of Traffic and Safety to cover the costs of the proposed Traffic Offender Program during the first two years. After the second year, the Program would be funded by the Traffic Offender Fund, subject to an annual appropriation approved by the Board of Supervisors (See Comment No. 1). The balance of the Traffic Offender Fund at the end of any fiscal year would be carried forward and accumulated for the next fiscal year's Program.

The proposed ordinance would also amend Section 10C.1 of the San Francisco Administrative Code to prohibit the reimbursement of tow and storage charges collected in accordance with Section 170.2-A of the Traffic Code.

Comments:

1. Expenditures of Traffic Offender Fund monies would be subject to appropriations approved by the Board of Supervisors in the Police Department's annual budget. As noted above, the Police Department is applying for a State grant of \$417,000 to fund the Traffic Offender Program from January 1995 through December 1996. The Department will submit its request to apply for this grant to the Board of Supervisors within the next month, given approval of the proposed ordinance.

2. The Police Department advises that owners of towed vehicles currently pay \$140 per vehicle to City Tow for the

Memo to Budget Committee
July 13, 1994

towing and storage of vehicles. Of the \$140 per vehicle, City Tow pays a \$20 administrative fee per vehicle to the City. The proposed administrative fee of \$150 per vehicle that is the subject of the proposed legislation would be in addition to the \$20 per vehicle that the City currently receives from City Tow. Thus, the vehicle owner would pay \$290 and the City would receive \$170 per vehicle for a vehicle which was towed under any of the circumstances outlined above, pursuant to the California Vehicle Code.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 8 - File 84-94-1

Department: Real Estate Department

Item: Resolution approving and authorizing (1) a Memorandum of Agreement with the State of California for acquisition of certain portions of Route 480 known as the Broadway and Clay/Washington Parcels, and other interests (including certain waivers and indemnities of the State contained in such agreement) and (2) future agreements with the State for other portions of Route 480, and adopting findings that all such acquisitions are consistent with the City's Master Plan and Eight Priority Policies of City Planning Code Section 101.1.

Description: Pursuant to SB 181, the State was required to remove the Embarcadero Freeway structure (Route 480) and to convey to the City, at no cost, those portions of Route 480 no longer required for right-of-way purposes. Additionally, SB 181 requires the City, under a State mandated program, to utilize the Route 480 property, or the proceeds from the sale of such property, to finance the construction on an alternate system of local streets that would essentially provide motorists with accessibility comparable to that provided by Route 480. The State has determined that portions of Route 480 commonly known as the Broadway and Clay/Washington Parcels, are not necessary for new freeway ramps and as such, the City has the right to acquire these parcels. The Broadway and Clay/Washington Parcels are comprised of a total of approximately 272,468 square feet.

The proposed resolution would authorize the City to enter into a Memorandum of Agreement with the State Department of Transportation (CalTrans) for the City's acquisition of the Broadway and Clay/Washington Parcels, at no cost to the City.

Ms. Claudine Venegas of the Real Estate Department advises that the State currently has five leases with private firms in effect for parking lot operations located on the Broadway Parcel, which generate an annual rental of \$262,825 to the State. According to Ms. Venegas, pursuant to SB 181, when the City acquires the deed to the Broadway Parcel, the State will assign these five leases to the City and thereafter, the \$262,825 in annual revenues will accrue to the City to be used to help construct the alternate system of local streets noted above.

The proposed legislation would also authorize the City, without further approval by the Board of Supervisors, to enter into any future additions, amendments or other modifications to the

proposed Memorandum of Agreement for the purposes of acquiring other portions of Route 480, as long as such modifications do not materially increase the obligations or liabilities of the City.

Comments:

1. Mr. Leonard Tom of the Chief Administrative Officer (CAO) reports that it is anticipated that after the City acquires the Clay/Washington Parcels they would remain open space for a period of one to three years, after which time an, as yet, undetermined portion of the property would be sold for commercial use. The Real Estate Department estimates the current value of the Clay/Washington Parcels to be approximately \$15 to \$30 million. Mr. Tom states that this property is currently zoned for public use and would have to be re-zoned for commercial use before the property could be sold. According to Mr. Tom, the Broadway Parcels, which are already appropriately zoned for commercial sale, will be processed by the Real Estate Department for sale soon after the City acquires the deed to this property. The Real Estate Department advises that the current estimated value of this property is \$10 to \$17 million. As previously noted, net proceeds from the sale of the Broadway and Clay/Washington Parcels would, pursuant to SB 181, be used to help finance the construction of an alternate system of local streets.

2. Ms. Venegas advises that the City would be responsible for maintenance of the Broadway and Clay/Washington Parcels once these parcels are acquired from the State. According to Ms. Venegas, the parking lots located on the Broadway Parcels would be maintained, at no cost to the City, by the parking lot operators as a condition of the parking leases. The open space area of the Clay/Washington Parcels would be maintained by the Recreation and Park Department for the period of time that it remains as open space. According to Mr. Phil Arnold of the Recreation and Park Department, maintenance of this property in its current state would consist primarily of mowing the grass and weeds, the cost of which would be absorbed in the Department's existing budget.

3. Under the proposed Memorandum of Agreement, the City would hold the State harmless from all losses arising as a result of a release of hazardous substances which occurred prior to the City's acquisition of the property, except that such indemnity would only be triggered if written notice of a claim is received by the City (1) prior to completion of construction of a developed parcel, or (2) within 20 years for a parcel that is used for open space. The City further indemnifies the State against claims filed as a result of its ownership of the property for events which occur after transfer of title except for losses

Memo to Budget Committee
July 13, 1994 Budget Committee Meeting

attributable to State actions. The State indemnifies the City against claims filed as result of the City's ownership of the property for events which occur before the transfer of title to the City.

4. Mr. John Cooper of the City Attorney's Office reports that the City has investigated the extent of contamination on all the properties. According to Mr. Cooper, consultants retained by the City found that the contaminants contained in these properties were the same as contaminants which are found along and under the nearby Embarcadero Roadway. Mr. Cooper concluded that because no regulatory orders to remediate the Embarcadero ("losses" under the indemnity) were issued against the State after the freeway was removed, it is reasonable to conclude regulatory orders would not be issued against the State on the Broadway and Clay/Washington parcels either. In both cases, according to Mr. Cooper, the contaminants are long-standing, buried, immobile, and out of contact with the public, thus limiting the possibility of claims for personal injury. Based on these facts, Mr. Cooper concluded that the proposed agreement does not place the City at undue risk.

5. The City Planning Department has determined that the proposed acquisition of the Broadway and Clay/Washington Parcels by the City, is consistent with the City's Master Plan and with the Eight Priority Policies of City Planning Code Section 101.1.

6. As previously noted, the proposed legislation would, in part, authorize the City, without further approval by the Board of Supervisors, to enter into any future additions, amendments or modifications to the proposed Memorandum of Agreement for the purposes of acquiring other portions of Route 480, as long as such modifications do not materially increase the obligations or liabilities of the City.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Memo to Budget Committee
July 13, 1994

Items 9 and 10 - Files 279-94-3 and 279-94-4

Note: These items were continued by the Budget Committee at its meeting of July 6, 1994.

Department: Chief Administrative Officer (CAO)/Real Estate Department

Item: Resolution authorizing hold harmless agreements with Novelact (USA) Ltd. pertaining to nuisance claims, property damage, or personal injury from construction of the new San Francisco Courts building (File 279-94-3).

Resolution authorizing a hold harmless agreement with Novelact (USA) Ltd., owner of real property at 512 Van Ness Avenue, pertaining to excavation, shoring, and other construction activities for the new San Francisco Courts building (File 279-94-4).

Description: The Chief Administrative Officer and the Trial Courts are currently engaged in planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is scheduled to begin on or about August 1, 1994, with excavation scheduled to begin approximately October 1, 1994 and construction of the new County Courthouse to begin approximately March 1, 1995. The construction of the Courthouse is being coordinated by the Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

File 279-94-3

As part of the construction project, the CAO and the Courthouse Construction Committee have entered into an agreement with Novelact (USA) Ltd., which owns the Corinthian Court Apartments at 512 Van Ness Avenue, which are adjacent to the construction site. This agreement, dated June 23, 1994, "sets forth the understanding and agreements between the CAO, on behalf of the City and County of San Francisco, and the Courthouse Committee, and Novelact (USA) Ltd.,... with respect to the proposed construction of a Courthouse... adjacent to the Corinthian Apartments." The agreement reflects that it has been entered into in order to minimize the disruption associated with the Courthouse project to the current and future residents of the Corinthian Apartments.

This agreement contains a hold harmless provision which includes the following statement:

The City and County of San Francisco shall defend, protect, and hold harmless Novelact (USA) Ltd., its officers, directors, partners, employees, and agents, from and against all "losses... related to common law or statutory nuisance (as defined in Civil Code Section 3479), property damage, or personal injury, arising out of or in connection with the demolition of structures [at the construction site] or construction of a facility for the Superior and Municipal Courts on these lots; provided, however, that the City's obligations under this provision do not extend to losses resulting either from a preexisting dangerous or defective condition on Novelact's property or from the sole negligence or willful misconduct of Novelact, its officers, directors, partners, employees, and agents."

The proposed resolution (File 279-94-3) would authorize the hold harmless clause referenced above which is contained in the June 23, 1994 agreement among the CAO, the Courthouse Committee, and Novelact (USA), Inc.

File 279-94-4

In addition, the agreement of June 23, 1994, contemplates a License Agreement for excavation, shoring and other construction activities, between the City and Novelact (USA) Inc. This agreement would provide for Novelact, as the owner of the Corinthian Apartments, to grant a license to the City to enter onto the Corinthian Apartments in order to perform necessary excavation, shoring and underpinning work, to remove the cornice of the Corinthian Apartments building, and to perform other construction related work as required, subject to the principles set forth in the June 23, 1994 agreement. As of the writing of this report, a License Agreement had not been negotiated or agreed to between the City and Novelact.

The proposed resolution (File 279-94-4) would authorize the Director of Property, on behalf of the City and County, "to enter into an appropriate hold harmless agreement with Novelact for the purpose of providing for the City and County's entry onto the Corinthian Property to perform excavation, shoring, underpinning, or other necessary or appropriate construction work... subject, however, to the written approval as to form by the City Attorney and written recommendation by the Courthouse Construction Committee with respect to such [hold harmless] agreement."

Memo to Budget Committee
July 13, 1994

Therefore, there is not a specific hold harmless agreement for excavation activities which would be authorized by the proposed resolution (File 279-94-4); rather, the proposed resolution would authorize the Director of Property to enter into "an appropriate hold harmless agreement" under the License Agreement to gain entry to the Corinthian Apartments to perform the required excavation, shoring, and underpinning activities.

- Recommendations:**
1. Approval of the proposed resolution (File 279-94-3), which would authorize the hold harmless agreement cited above which is contained in the agreement of June 23, 1994 between the CAO and Novelact (USA) Ltd., is a policy matter for the Board of Supervisors.
 2. Approval of the proposed resolution (File 279-94-4), which would authorize the Director of Property to enter into "an appropriate hold harmless agreement with Novelact for the purpose of providing for the City and County's entry onto the Corinthian Property to perform excavation, shoring, underpinning, or other necessary or appropriate construction work," is a policy matter for the Board of Supervisors.

Memo to Budget Committee
July 13, 1994

Item 11 - File 101-93-118

Note: This item was continued by the Budget Committee at its meeting of July 6, 1994.

Department: Superior and Municipal Courts

Item: Ordinance appropriating \$9,722,458 of Courthouse Construction Funds for capital improvement project of the Superior and Municipal Courts for fiscal year 1993-94, placing \$9,321,080 on reserve.

Source of Funds: Courthouse Construction Fund. This fund consists of surcharges on civil and probate filing fees, parking fines, and criminal fines. The balance of the fund as of July 1, 1994 is \$10,544,793. If this request is approved, the balance of the fund would be \$832,335.

Amount: \$9,722,458

Description: The Chief Administrative Officer and the Trial Courts are currently engaged in planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is scheduled to begin on or about August 1, 1994, with excavation scheduled to begin approximately October 1, 1994 and construction of the new County Courthouse to begin approximately March 1, 1995. The construction of the Courthouse is being coordinated by the Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

The proposed ordinance would appropriate \$9,722,458 for the Courthouse construction project. Specifically, the CAO's Office reports that these funds would be used to pay the demolition and excavation costs of the project. Additional funds in an estimated amount of \$42 million will be required to construct the Courthouse, which is scheduled to begin approximately March 1, 1995. Funds for construction are expected to be obtained by issuing Certificates of Participation, which would be repaid from the Courthouse Construction Fund.

Budget: The CAO has submitted the following project budget for the preliminary stages of the Courthouse construction project:

Site Acquisition

Pioneer Museum - Acquisition*	\$4,725,000
Pioneer Museum - Relocation	175,000

*The City would purchase the Pioneer Museum at 456 McAllister Street from the Society of California Pioneers, since the Museum currently occupies the site of the new County Courthouse.

Demolition

Demolition Contract (Evans Brothers, Inc.)	\$246,790	
DPW Construction Management	16,308	
DPW Special Inspections	15,600	
DPW Environmental Compliance Monitoring	15,440	
Abatement of Corinthian Apartments	40,000	
Rodent abatement (Applied Pest Management)	640	
City Planning - Demolition Permit	100	
Contingency	<u>50,000</u>	
Subtotal		\$384,878

Building Inspection

Inspection fees	\$136,626	
Plan checking fees	88,807	
Other BBI fees	<u>3,797</u>	
Subtotal		229,230

Excavation, shoring, and underpinning

Excavation contract (to be bid)	\$1,406,923	
Hazardous material abatement (to be bid)	702,400	
DPW hazard management/monitoring	72,203	
Geotechnical consultants (Treadwell & Rollo)	25,500	
Archaeologist (Archeo-Tec)	9,788	
Rodent abatement (Applied Pest Management)	800	
Contingency	<u>269,358</u>	
Subtotal		2,486,972

Construction Fees

Construction Management (Luster Construction Mngmt)	1,320,000
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Other Services

Art Commission		
Art Enrichment Program	\$250,000	
City Planning Fees and Services		
Parking Variance	126,924	
Rezoning, Master Plan, and		
Landmarks Review	19,454	
Certificate of Appropriateness	<u>5,000</u>	
Subtotal		<u>401,378</u>

Total Amount Requested	\$9,722,458
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BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Of the \$9.7 million requested, \$4,725,000 would be used to acquire the Pioneer Museum. The Pioneer Museum facility would be acquired by the City because it occupies part of the site (456 McAllister Street) of the new Courthouse building. The City will demolish the Pioneer Museum building at 456 McAllister Street, after it is acquired from the Society of California Pioneers.

According to Mr. Jesse Capin Smith of the City Attorney's Office, the purchase price of \$4,725,000 was negotiated between the City and the Society of California Pioneers based on provisions of State law regarding the value of non-profit, special use property, such as the Pioneer Museum. Specifically, Mr. Smith refers to Section 824 of the California Evidence Code, which provides that, "a just and equitable method of determining the value of nonprofit, special use property... is the cost of purchasing land and the reasonable cost of making it suitable for the conduct of the same non-profit, special use, together with the cost of constructing similar improvements...without taking into consideration any depreciation or obsolescence of the improvements." According to Mr. Harry Quinn of the Real Estate Department, this statute requires the City to pay full replacement value for the property, before depreciation. In contrast, Mr. Quinn reports that "fair market value" is defined as the replacement value of a property less depreciation.

According to Mr. Quinn, both the Real Estate Department and the Society of California Pioneers have obtained professional advice concerning the replacement value of the Pioneer Museum property. The City estimated the property's value at approximately \$3,755,000, whereas the Society of California Pioneers estimated the property's value at approximately \$5,761,000. The Real Estate Department entered into lengthy negotiations with the Society of California Pioneers concerning the replacement value of the property, and the parties agreed to a purchase price of \$4,725,000, according to Mr. Quinn.

2. Funds are also requested in the amount of \$175,000 to relocate the Pioneer Museum to another facility. Mr. Quinn states that relocation costs will include moving, storage, lease of a temporary facility for up to 12 months, and insurance costs associated with relocating the Pioneer Museum. Mr. Quinn states that these costs are the City's responsibility under provisions of State law. These relocation costs may exceed \$175,000; however, any relocation costs which exceed \$175,000 would be paid from the proceeds of Certificates of Participation which will be issued to finance the construction of the

Courthouse, subject to approval of such an appropriation by the Board of Supervisors, according to Mr. Quinn.

The maximum amount of relocation costs which will be paid by the City is still being negotiated, and will be specified in the final agreement between the City and the Society of California Pioneers for the purchase of the Museum property at 456 McAllister Street. That agreement would be approved in draft form by the Board of Supervisors under a concurrent proposed resolution (File 84-94-2, item 13 of this report). That resolution (File 84-94-2) would authorize the Director of Property "to agree to pay appropriate relocation expenses to the Society of California Pioneers in accordance with State law."

Although the specific "not to exceed" amount for relocation expenses had not been agreed upon as of the writing of this report, Mr. Quinn states that the maximum amount of relocation expenses which would be paid by the City, and which will be specified in the purchase agreement with the Society of California Pioneers, may be agreed upon prior to the Budget Committee hearing of July 13, 1994. In any event, any funds needed in excess of the \$175,000 included in this request would be subject to appropriation approval by the Board of Supervisors.

3. The following contractors have been selected to perform consulting services in connection with the Courthouse project:

Evans Brothers, Inc. has been selected to perform demolition at a cost of \$246,790. Evans Brothers, Inc. submitted the most qualified bid based on qualifications and pricing for the demolition contract. Evans Brothers, Inc. is not an MBE or WBE firm. However, the bid submitted by Evans Brothers, Inc. includes a \$32,950 subcontract with the MBE firm of S&S Trucking, representing 13.4 percent of the total bid of \$246,790.

Applied Pest Management has been selected to perform rodent abatement during demolition and excavation, at a total estimated cost of \$1,440. This firm is under contract with the City's Purchasing Department to perform services on an as-needed basis. Applied Pest Management is not an MBE or WBE firm.

Treadwell & Rollo will act as geotechnical consultants during excavation, shoring, and underpinning. Its fees are estimated at \$25,500, including \$24,778 based on 270.5 hours of service at an average hourly rate of \$91.60 (based on the

billing rates which are currently in effect under an existing contract between Treadwell & Rollo and the Department of Public Works), plus \$722 for equipment and lab charges. Treadwell & Rollo was previously selected by the Department of Public Works through competitive bidding to provide geotechnical consulting services on an as-needed basis. Treadwell & Rollo is not an MBE or WBE firm.

Archeo-Tec will provide archaeological services at a total cost of \$9,788, based on 164 hours of service at an average cost of \$59.68 per hour. Archeo-Tec was previously selected by the Department of Public Works through competitive bidding to provide archaeological consulting services for the new Main Library as well as the proposed Courthouse site. Archeo-Tec is not an MBE or WBE firm.

The project budget includes a proposed excavation contract at an estimated cost of \$1,406,923 and a contract for hazardous material abatement at an estimated cost of \$702,400. These contracts will be subject to competitive bidding, with the contract to be awarded in early October. Since the contractors for these services have not yet been selected, \$2,109,323 should be placed on reserve (\$1,406,923 for excavation and \$702,400 for hazardous material abatement) pending the identification of contractors, their hourly rates, and their MBE/WBE status.

The CAO's Office has previously entered into a contract with Luster Construction Management to perform Construction Management for the Courthouse construction project. The contract cost for construction management during excavation and construction (through completion of the project) is \$1,320,000, based on 12,597 hours of service at an average cost of \$104.79 per hour (including overhead).

Luster Construction Management was selected through competitive bidding and is an MBE firm.

4. Regarding the \$40,000 shown above for abatement of the Corinthian Apartments, the CAO has entered into an agreement with Novelact (USA) Ltd., owners of the Corinthian Apartments located at 512 Van Ness Avenue, to mitigate the impact of the Courthouse construction on the Corinthian Apartment residents (see Items 9 and 10, Files 279-94-3 and 279-94-4 of this report). This agreement, dated June 23, 1994, provides as follows:

The CAO... will recommend that the Board of Supervisors approve an appropriation ordinance by July 18, 1994 or soon thereafter, authorizing the City and the

Courthouse Committee to expend the amount of \$40,000 for the purpose of assisting Novelact in addressing the concerns of the residents of the Corinthian apartments regarding noise from construction activities and the loss of direct sunlight into and views from the east facing windows resulting from construction of the Courthouse. If that appropriation is approved by the Board of Supervisors, the City and the Courthouse Committee will pay the \$40,000 to Novelact in a single payment on or about July 22, 1994..."

Of the \$40,000 requested appropriation, \$35,000 would be used by Novelact for the express purpose of purchasing, constructing or installing various improvements, such as skylights, air conditioning units, decorative glass, landscaping, or sound-proofing, which would mitigate the effects of the Courthouse construction on the residents of the Corinthian Apartments. The remaining \$5,000 would be provided to Novelact to offset indirect costs, such as management, consultant, or legal fees, associated with the construction project and the purchase and installation of the improvements referenced above.

5. The proposed ordinance currently provides that \$9,321,080 of the \$9,722,458 requested would be placed on reserve "pending the completion of the Environmental Impact Report (EIR) and selection of contractors." However, the EIR has been completed, and it is no longer necessary to place \$9,321,080 on reserve for this reason.

6. The proposed resolution states that funds would be appropriated for fiscal year 1993-94, and should be amended to reflect that funds would be appropriated for fiscal year 1994-95.

Recommendations: 1. Amend the proposed ordinance at page 1, line 18 by deleting, "Funds in the amount of \$9,321,080 are hereby placed on reserve pending the completion of the Environmental Impact Report and selection of contractors," and by substituting, "Funds in the amount of \$2,109,323 are hereby placed on reserve pending the identification of contractors, their hourly rates, and their MBE/WBE status (including \$1,406,923 for excavation and \$702,400 for hazardous material abatement)..."

2. Amend the title of the proposed resolution at page 1, line 3 by substituting "\$2,109,323" for "\$9,321,080" as the amount that would be placed on reserve.

Memo to Budget Committee
July 13, 1994

3. Amend the proposed ordinance at page 1, line 6 by substituting "1994-95" in place of "1993-94" as the year for which funds would be appropriated.
4. Approve the proposed ordinance, as amended.

Items 12, 13, 14, 15, and 16 - Files 36-94-4, 84-94-2, 279-94-1, 279-94-2, and 164-94-1

Department: Chief Administrative Officer

Items: Ordinance amending City Planning Code by amending the Zoning Map for property in the Civic Center area, generally bounded by McAllister and Polk Streets, Redwood Alley, and Van Ness Avenue, to reclassify Assessor's Block 766, Lots 4 and 5 from a "C-2" Use District to a "P" Use District; and to reclassify Assessor's Block 766, Lots 2, 3, 4, and 5 from a 70-X Height and Bulk District to an 80-X Height and Bulk District (File 36-94-4).

Resolution approving and authorizing an agreement with the Society of California Pioneers for the purchase of real property located at 456 McAllister Street (including a release and indemnities of the seller contained in such agreement); adopting findings that the purchase is consistent with the City's Master Plan and the eight priority policies of City Planning Code Section 101.1 (File 84-94-2).

Resolution adopting final Environmental Impact Report, finding and determining that the San Francisco Courts Building project, including approval of an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment, and project financing will have a significant impact on the environment, and adopting and incorporating findings of the Final Environmental Impact Report (File 279-94-1).

Resolution incorporating by reference findings made by the City Planning Commission and adopting further findings pertaining to the California Environmental Quality Act relating to the approval of an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment, and project financing for the San Francisco Courts Building project, as analyzed in the San Francisco Courts Building Final Environmental Impact Report Case No. 94.546E (File 279-94-2).

Resolution declaring the intention of the Board of Supervisors to vacate subsurface portions of McAllister, Polk, and Redwood Streets adjoining Assessor's Block 766, Lots 2, 3, 4 and 5 and setting the hearing date for all persons interested in the proposed vacation (File 164-94-1).

Description: The Chief Administrative Officer and the Trial Courts are currently engaged in planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is scheduled to begin on or about August 1, 1994, with excavation scheduled to begin approximately October 1, 1994 and construction of the new County Courthouse to begin approximately March 1, 1995. The construction of the Courthouse is being coordinated by the Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

The project includes acquisition of the Society of California Pioneers building, demolition of three existing buildings, and removal of a parking lot, in order to construct a six-story, 80 foot tall building containing approximately 240,000 square feet for courtrooms, hearing rooms, support space, and parking. The building will house the Civil Division of the San Francisco Municipal and Superior Courts and the Dependency Section of the Juvenile Court.

On June 23, 1994 the City Planning Commission (CPC) adopted Resolution No. 13713 finding, among other things, (1) that a Final Environmental Impact Report (FEIR) for the Courts Building Project was conducted in compliance with the California Environmental Quality Act (CEQA) and the City's Administrative Code, and (2) that the project would have no "project specific significant impact on the environment, although there would be a cumulative significant effect related to seismic safety." In addition, the CPC adopted Motion No. 13712 certifying that the FEIR was adequate, accurate, and objective, and adopted findings regarding adverse significant impacts, project alternatives, mitigation measures, and a "statement of overriding consideration."

File 36-94-4

This proposed ordinance would amend the City Planning Code to reclassify the Assessor's block on which the Courthouse would be constructed from commercial (C-2) to Public (P) use, and to increase the height limit for structures constructed on the property from the current 70 foot limit to 80 feet.

In addition, the proposed ordinance would adopt a City Planning Commission resolution "approving the findings related to the eight priority policies of City Planning Code Section 101.1."

File 84-94-2

The Real Estate Department has proposed an "Agreement for Purchase and Sale of Real Estate" with the Society of California Pioneers to acquire the Pioneer Museum at 456 McAllister Street (Lot 4 of Assessor's Block 766). The Pioneer Museum facility would be acquired by the City because it occupies part of the site (456 McAllister Street) of the new Courthouse building. The City will demolish the Pioneer Museum building at 456 McAllister Street, after it is acquired from the Society of California Pioneers. The City Planning Commission has certified that the proposed purchase is consistent with the City's Master Plan and eight priority policies.

The proposed resolution (File 84-94-2), "in accordance with the recommendations of the Director of Property and the Courthouse Construction Committee," would have the following effects:

- (1) approve the Purchase and Sale Agreement;
- (2) authorize the Director of Property to execute the Purchase and Sale Agreement;
- (3) provide that the purchase price shall be \$4,725,000, "subject to a holdback from the purchase price in the amount of \$100,000 to reimburse the City for certain known and potential costs of removing hazardous materials from the property." According to the Real Estate Department, the purchase price of \$4,725,000 is based on full replacement value for the property, before depreciation, as required by State law, rather than on "fair market value" which is defined as the replacement value of a property less depreciation;
- (4) authorize the Director of Property "to agree to pay appropriate relocation expenses to the Society of California Pioneers in accordance with applicable law;"
- (5) authorize the Director of Property to enter into "any additions, amendments, or other modifications to the Purchase and Sale Agreement that (a) the Director of Property determines are in the best interests of the City, (b) do not increase the purchase price for the property, or otherwise materially increase the obligations or liabilities of the City, and (c) are necessary or advisable to complete the purchase contemplated...;"
- (6) adopt and incorporate by reference the findings of City Planning Commission Resolution No. 13713, that the proposed purchase is in conformity with the Master Plan and the City's eight priority policies;

- (7) find, based on the Final Environmental Impact Report (FEIR), that the purchase of the property is part of the Courts Building Project, will not require revisions to the FEIR, and does not involve new significant environmental impacts;
- (8) adopt and incorporate by reference the findings adopted by the Board of Supervisors pursuant to CEQA in File 279-94-2;
- (9) declare that the Board of Supervisors has found, "after balancing the unmitigated adverse impacts on the environment and the benefits of the Courts Building project... that the benefits of the project... override the unmitigated adverse impacts on the environment;"
- (10) approve, confirm, and ratify all actions heretofore taken by officers of the City with respect to the purchase of the property; and,
- (11) authorize and urge the Director of Property, in the name and on behalf of the City, to accept the deed to the property upon the closing and to take any and all steps as the Director of Property deems necessary in order to consummate the purchase of the property.

Files 279-94-1 and 279-94-2

File 279-94-1 would:

- (1) Declare that the Board of Supervisors has considered and reviewed the final report, and adopt the Final Environmental Impact Report;
- (2) Find and determine that the proposed San Francisco Courts Building project will have a significant effect on the environment (see Comment 1);
- (3) Adopt and incorporate by reference the findings of the FEIR certified by the CPC on June 23, 1994.
- (4) Provide that the proposed resolution would be rescinded if the Board of Supervisors does not adopt a supplemental appropriation ordinance and a resolution approving hold harmless agreements in connection with the City's agreement with Novelact (USA) Inc., owner of the Corinthian Apartments (see Items 9 and 10, Files 279-94-3 and 279-94-4 of this report).

File 279-94-2 would:

- (1) State that the Board of Supervisors has reviewed and considered the San Francisco Courts Building FEIR;

- (2) State that the Board of Supervisors has adopted a resolution (File 279-94-1) to adopt the FEIR;
- (3) Adopt and incorporate by reference all of the findings adopted by the Planning Commission on June 23, 1994 in Resolution No. 13713, pertaining to the feasibility of alternatives and mitigation measures, significant effects on the environment, and the statement of overriding benefits; and also adopt the mitigation monitoring program which was included in the Planning Commission resolution; and,
- (4) Find, based on the FEIR, that no substantial changes have occurred and no new information has become available since the FEIR was adopted, and therefore no new effects could occur for which new mitigation measures would be needed;

File 164-94-1

The Construction Manager for the Courts Building project has requested the vacation of certain subsurface portions of McAllister, Polk, and Redwood Streets adjoining the construction site. Vacating these areas is necessary in order to allow the use of such subsurface street areas for encroachments by the subsurface portions of the San Francisco Courts Building.

The City Planning Commission has found that the proposed street vacation is consistent with the City's Master Plan and with the eight priority policies of the City Planning Code.

The proposed resolution would (1) declare the intention of the Board of Supervisors to order the vacation of the designated subsurface areas, pursuant to the Public Streets, Highways, and Service Easements Vacation Law; (2) give notice of a public hearing to be held on a specified date concerning the proposed vacation; and (3) direct the Clerk of the Board of Supervisors to transmit the resolution to the Department of Public Works and urge the Department of Public Works to publish or post the resolution and to give notice of the hearing as required by law. According to the City Attorney's Office, a specific date for the public hearing must be set by the Budget Committee.

Comments:

1. The proposed resolution (File 279-94-1) would find and determine that the Courts Building project will have a significant effect on the environment.

To mitigate these impacts, the CAO has prepared a mitigation monitoring program, based on mitigation measures which were outlined in the Final Environmental Impact Report adopted by the City Planning Commission. Mitigation measures include the services of an archaeologist to protect potential cultural and archaeological resources at the site; limitations on truck movement during peak traffic periods; a survey of existing buildings which will be demolished to identify hazardous materials; a geotechnical analysis to be used during excavation and construction; and others.

The City Planning Commission has found, based in part on the CAO's mitigation monitoring program, that "the Project would not have a project specific significant impact on the environment but would have a significant cumulative impact regarding seismicity..." This significant cumulative impact is described as "increas[ing], above the existing condition, the daytime population on the project site that would be subject to substantial danger during a major earthquake. Such population would contribute to congestion which, along with the debris in the streets, would impede the access of emergency services responding to fire and other earthquake related emergencies... [M]itigation that would eliminate significant environmental impacts in San Francisco from a major earthquake nearby is not available..."

2. In addition to amending the City Planning Code to reclassify Assessor's Block 766, as reflected in the title, the proposed ordinance (File 36-94-4) would adopt a City Planning Commission resolution "approving the findings related to the eight priority policies of the City Planning Code Section 101.1," which is not reflected in the title. The title of the proposed ordinance should therefore be amended to reflect that the proposed ordinance would adopt the City Planning Commission resolution.

3. The title of the proposed resolution (File 279-94-1) reflects that the proposed resolution includes specific findings concerning an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment, and project financing. In fact, the text of the proposed resolution contains no reference to such findings. However, Ms. Noreen Ambrose of the City Attorney's Office states that the proposed resolution would incorporate by reference the findings of the Final Environmental Impact Report which was certified by the

Memo to Budget Committee
July 13, 1994

City Planning Commission on June 23, 1994, and which does include specific findings concerning the subjects referenced in the title.

4. The proposed resolution (File 279-94-1) states that a public hearing was held July 6, 1994 on the matter of the adoption of the FEIR. This hearing was not held on July 6, 1994, but will be held at the time that the Budget Committee hears the proposed resolution (File 279-94-1) on July 13, 1994, according to Ms. Ambrose. Therefore, the proposed resolution should be amended to reflect that the public hearing was held July 13, 1994, rather than July 6, 1994.

5. As previously noted, the proposed resolution (File 164-94-1) should be amended to reflect the date of the public hearing which would be held concerning the proposed vacation of certain subsection portions of McAllister, Polk, and Redwood Streets, which must be established by the Budget Committee.

Recommendations:

Item 11

1. Amend the title of the proposed ordinance (File 36-94-4) to reflect that, in addition to amending the City Planning Code, it would adopt a City Planning Commission Resolution "approving the findings related to the eight priority policies of City Planning Code Section 101.1."

2. Approval of the proposed ordinance (File 36-94-4), as amended, to amend the City Planning Code to reclassify the Courthouse construction site from a "C-2" Use District to a "P" Use District, and from a 70-X Height and Bulk District to an 80-X Height and Bulk District, is a policy matter for the Board of Supervisors.

Item 12

3. Approval of the proposed resolution (File 84-94-2) approving and authorizing an agreement with the Society of California Pioneers for the City's purchase of the Pioneer Museum at a cost of \$4,725,000, and adopting findings that the purchase is consistent with the City's Master Plan and the eight priority policies of the City Planning Code, is a policy matter for the Board of Supervisors.

Item 13

4. Amend the proposed resolution (File 279-94-1) at page 1, line 19 to reflect that the public hearing was held July 13, 1994, rather than July 6, 1994.

5. Approval of the proposed resolution (File 279-94-1) adopting a final Environmental Impact Report, finding and determining that the San Francisco Courts Building project, including approval of an appropriation of funds, property reclassification, property acquisition, street vacation, lot line adjustment, and project financing will have a significant impact on the environment, and adopting and incorporating the findings of the Final Environmental Impact Report is a policy matter for the Board of Supervisors.

Item 14

6. Approval of the proposed resolution (File 279-94-2) incorporating by reference findings made by the City Planning Commission and adopting further findings pertaining to the California Environmental Quality Act, is a policy matter for the Board of Supervisors.

Item 15

7. Amend the proposed resolution (File 164-94-1) at page 2, line 22 to incorporate the date of a public hearing to be held concerning the proposed vacation of certain subsurface portions of McAllister, Polk, and Redwood Streets.

8. Approval of the proposed resolution (File 164-94-1), as amended, declaring the intention of the Board of Supervisors to vacate certain subsurface portions of McAllister, Polk, and Redwood Streets and setting the hearing date for all persons interested in the proposed vacation is a policy matter for the Board of Supervisors.

Item 17- 170-94-14

Department: Mayor's Office of Housing (MOH)

Item: Resolution authorizing the issuance, sale and delivery of City and County Single Family Mortgage Revenue Bonds, Series 1994 (Government National Mortgage Association and Federal National Mortgage Association Mortgage-backed Securities Program), in an aggregate principal amount not to exceed \$17,500,000; authorizing the execution and delivery of an indenture, origination, servicing and administration agreement, bond purchase contract, and official statement; adopting rules and regulations governing the program; authorizing the Mayor, in consultation with the City Attorney to make any necessary or advisable modifications, changes or additions to any of the bond documents and authorizing the execution and delivery of and approving other related documents and actions in connection therewith.

Amount: \$17,500,000

Source of Funds: Single Family Mortgage Revenue Bonds, Series 1994

Description: The Board of Supervisors previously adopted a resolution in November 1993 authorizing the Director of the Mayor's Office of Housing to apply for an allocation from the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of mortgage revenue bonds in the amount of \$17,500,000. On June 17, 1994 CDLAC approved this allocation. The proposed resolution would issue and sell these mortgage revenue bonds.

Under the 1981 Residential Mortgage Revenue Bond Ordinance (Ordinance No. 245-81) the City is authorized to incur indebtedness for the purpose of financing home mortgages under a program to increase the supply of affordable homes for families with incomes below the median income level in the City. The proposed resolution would authorize the Mayor's Office of Housing to issue and sell Single Family Mortgage Revenue Bonds. Mortgage revenue bonds are tax exempt bonds, with the revenues from the mortgage payments used to repay the interest and principle to the bondholders. The proposed mortgage revenue bonds would provide funds for mortgages to first-time home buyers at the 101 Valencia Street development project, located near the intersection of Valencia and McCoppin Streets.

The 101 Valencia Street development project would require the rehabilitation of a historic building, the former Salvation Army headquarters and the construction of new structures over underground parking. The project includes studios through three bedroom units in addition to a daycare facility and commercial spaces which will be leased out to cover the cost of construction on those spaces. There is also a vacant lot across McCoppin Street, which will be sold for \$225,000 and applied to the construction costs. The 101 Valencia Street development project is sponsored by the non-profit agency, Housing Development and Neighborhood Preservation Corporation (HDNPC), and will consist of 109 units of first-time home buyer single family residences.

Fifty percent, or approximately 55 of the units are targeted to low-income individuals, or households with incomes below 80 percent of the median income or \$45,040. The other 54 units would be available for moderate income individuals, or households with incomes below 115 percent of the median income, or \$64,745. Mr. Joe LaTorre of the Mayor's Office of Housing reports that the current median income in San Francisco is \$56,300 for a family of four. The price for the 109 units are expected to range from \$85,000 for a studio to \$215,000 for a three bedroom unit. The price of the units can increase by the time the project is built if the median family income increases and thus allows for larger mortgages.

HDNPC expects to begin construction in mid-August 1994 and construction completion is projected for March 1996.

Comments:

1. The MOH estimates the costs (see Comment No. 8) of issuance to the City of San Francisco for the single family mortgage revenue bonds as follows:

Federal National Mortgage Association (FNMA) Counsel (fee and expenses)	\$20,000
Bond and Disclosure Counsel (fee and expenses)	92,500
Financial Advisor (fee and expenses)	36,000
Trustee Set Up and Fees (three & one-half years)	35,650
Rating Agency	17,500
Cash Flow Analysis	15,000
Cash Flow Verifications	7,500
California Debt Limit	
Allocation Committee	4,075
California Debt Advisory Committee	1,750

City Commitment for Negative Arbitrage Contingency	\$100,000 <u>15,000</u>
Total	\$344,975

These costs include estimated negative arbitrage reserve fund costs, which are monies reserved to cover the difference between the interest on the \$17,500,000 in bond proceeds which would be invested when the bonds are sold until the mortgage loans are made and the debt service that must be paid on the bonds. Mr. LaTorre states that the rate of return on the invested \$17,500,000 will not be sufficient to cover the debt service until the mortgage loans are made. The mortgage loans will not be made until the completion of the construction on 101 Valencia, which is projected for March of 1996.

2. In addition to the cost of the issuance of the bonds, the following subsidies would be provided to the 101 Valencia Development:

<u>Permanent Subsidies</u>	
San Francisco Redevelopment Agency	\$2,000,000
Housing Affordability Fund	2,020,000
Home Grant	<u>4,000,000</u>
Total- Permanent Subsidies	\$8,020,000
<u>Interim Subsidies</u>	
San Francisco Redevelopment Agency	\$2,332,000
Housing Affordability Fund	<u>383,000</u>
Total- Interim Subsidies	<u>\$2,715,000</u>
Total- Subsidies	\$10,735,000

The San Francisco Redevelopment Agency funds come from bonds issued by the Redevelopment Agency to finance affordable housing. The Housing Affordability Fund comes from the City's Office/Affordable Housing Protection Program which consists of office developer contributions. The Home Grant is a Federal entitlement program.

The permanent subsidies of the San Francisco Redevelopment Agency and the Housing Affordability Fund were used to purchase the site and to pay for preconstruction

costs such as initial architectural and engineering fees, permits, and environmental studies. The Home Grant permanent subsidy will be used for construction costs. The interim subsidies have been used to pay for preconstruction costs. The interim subsidies totalling \$2,715,000, will be paid back to the San Francisco Redevelopment Agency and the Housing Affordability Fund when the units are sold.

3. Mr. LaTorre reports that according to CDLAC rules, MOH must issue bonds by August 16, 1994 60 days from the date of allocation approval from CDLAC. Based on current bond market conditions, Mr. LaTorre notes that it would be advantageous to wait until the construction is close to completion, such as mid-1995, before issuing these bonds. However, MOH is restricted by the CDLAC rules and must issue the bonds in the allotted time frame. If the Board of Supervisors approves this proposed resolution, MOH will immediately begin negotiating with the Federal National Mortgage Association (FNMA) for the sale price of the bonds so that the bonds can be issued before August 17, 1994, CDLAC's allocation deadline.

4. Mr. LaTorre states that MOH and FNMA have discussed the sale of the bonds and they have agreed on a method to determine the purchasing price of the bonds. However, according to Mr. LaTorre, it is possible that FNMA will not purchase the bonds and if this is the case, MOH will need to look for an underwriter for the bonds and negotiate with the underwriter to purchase the bonds. The sixty day time limit will still apply. In addition, some of the costs associated with the issuing of the bonds may be higher, such as bond counsel fees, if MOH must negotiate with an underwriter to purchase the bonds.

5. Wells Fargo Bank has made a conditional commitment for 75 percent of the appraised value of the project when completed, but no more than \$13,125,000, for construction financing on the 101 Valencia Street development project. However, Wells Fargo Bank requested that the City take steps to ensure the availability of mortgage financing for the home buyers. According to Mr. LaTorre, Wells Fargo Bank's request made it necessary for the City to apply for an allocation approval from California Debt Limit Allocation Committee in order to begin construction on the project.

6. Mr. LaTorre also reports that the value of the project, when completed, has not yet been determined. Depending upon what value is determined by Wells Fargo Bank, the

City may be required to provide additional construction financing above the 75 percent that Wells Fargo Bank will provide. Mr. LaTorre estimates the total cost of the 101 Valencia Street development project at approximately \$24 million. To date, the City has contributed \$10.7 million to the project in permanent and interim subsidies. (See Comment No. 2)

7. Mr. LaTorre reports that the total actual mortgages for the 101 Valencia Street development project are currently estimated at \$15.8 million based on the aggregate project sales price minus the assumption of a 5 percent down payment by the buyer. However, Mr. LaTorre notes that MOH is requesting authorization to apply for mortgage revenue bonds in an amount not to exceed \$17.5 million, because the average mortgage amount may increase by the time that the units are sold. This would be the case if the median income continues to increase. An increase in mortgage amounts can decrease the amount of money that the City must pay through permanent subsidies since the total cost of construction of the project is equal to the mortgage payments plus the City subsidies. The \$1.7 million difference between the \$15.8 million estimate of the current actual amount of the mortgages and the \$17.5 million request allows for a potential increase in the median income of 10.8 percent over a two year period.

8. As another condition to provide construction financing, Wells Fargo Bank requires that the City place \$726,000 in the City's 1994 Home Mortgage Assistance Trust Fund (HMATF) to cover the anticipated need for mortgage assistance for the first-time home buyers at 101 Valencia. The \$726,000 will come from the City's 1982 Home Mortgage Assistance Trust Fund, which currently has a surplus of \$1,075,600 leaving a balance of \$349,600 after the transfer. This transfer of funds from the 1982 HMATF to the 1994 HMATF for the purposes of mortgage assistance is in accordance with the 1982 Home Mortgage Assistance Trust Agreement between the City and the Bank of America National Trust and Savings Association.

The cost of issuing the bonds, \$344,975 will also come from the 1994 HMATF requiring an additional transfer to that fund from the 1982 HMATF (See Comment No. 1). This will leave \$4,625 in the 1982 HMATF which may be transferred at any time to the 1994 HMATF by the Director of the Mayor's Office of Housing to use for other unanticipated costs, such as higher negative arbitrage costs if the debt

service on the bonds cannot be met through the \$17,500,000 bond proceeds.

The 1982 HMATF was originally funded in 1982-1984 from developer fees imposed by the City Planning Commission under the Office/Housing Production Program. The use of the funds is restricted to mortgage assistance programs as mandated by the Board of Supervisors in 1982 (Resolution No. 547-82). All of the monies placed in the 1982 HMATF were originally loaned to homebuyers as part of the 1982 Single Family Mortgage Revenue Bond Program. Currently, the \$1,075,600 balance in the 1982 HMATF comes from mortgage repayments from these original loans to homebuyers.

In summary, the 109 units at 101 Valencia Street (55 for low income buyers and 54 for moderate income buyers) would be built with funding from a Wells Fargo Bank loan to the developer (not to exceed \$13,125,000) and the Permanent and Interim Subsidies (totalling \$10,735,000). While construction is taking place, the Mayor's Office of Housing would sell \$17,500,000 in bonds and invest the proceeds. When construction is complete, the units will be sold to low and moderate income buyers that will take out loans from the Mayor's Office of Housing to pay for their new homes. Funding for the loans will come from the \$17,500,000 in bond proceeds. As the buyers pay off their loans to MOH, MOH will use these monies to payoff the bonds.

Recommendation: Based on the previous actions of the Board of Supervisors, approve the proposed resolution.

Memo to Budget Committee
July 13, 1994

Item 18 - File 97-94-44

Department: County Clerk/Recorder

Item: Ordinance amending Chapter 8 of the San Francisco Administrative Code by amending Section 8.33, authorizing the County Clerk/Recorder to add new fees and to increase fees previously set by State law to reflect the actual cost of providing certain records and services.

Description: Section 8.33 of the Administrative Code outlines the fees the County Clerk/Recorder is authorized to charge to offset the actual costs to issue documents and provide services. The County Clerk/Recorder is proposing to modify its existing fees and to establish new fees, in order to fully recover its costs to provide services. The proposed ordinance would amend Section 8.33 to modify existing fees and establish new fees, as follows:

<u>Type of Fee</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Increase</u>	<u>Percentage Increase</u>
Marriage License	\$60.00	\$69.00	\$9.00	15%
Filing Confidential Marriage Certificates	60.00	74.00	14.00	23
Marriage Ceremonies in City Hall	20.00	30.00	10.00	50
Copies of Records or Papers on File (per page)	0.75	3.00	2.25	300
Each additional page	\$0	0.50	0.50	-
Filing Fictitious Business Name	20.00	35.00	15.00	75
Additional name filings	5.00	9.00	4.00	80
Withdrawals and abandonments	13.00	24.00	11.00	85
Filing, Revoking or Canceling Notary	17.00	28.00	11.00	65
Filing Power of Attorney	10.00	19.00	9.00	90
Additional names	6.00	9.00	3.00	50
Issuance of Authority to Marry and Oath	0	50.00	50.00	-
Authentication of Public Official	0	10.00	10.00	-
Conforming Copies Surcharge	0	1.00	1.00	-
Microfilm of Daily Film of Recordings (per roll)	0	25.00	25.00	-
Microfiche (per frame)	0	2.00	2.00	-
Duplicates of Recorded Maps	0	5.00	5.00	-
Each additional page	0	3.00	3.00	-

Comments: 1. The proposed fee increases and new fees are the result of a cost recovery study performed by the County/Clerk Recorder in FY 1993-94, in connection with the various services provided by the Department. Additionally, the fee increases reflect the passage of AB 130 in January of 1994, which permits local Recorder Offices to set fees at a level which allows for full recovery of costs for services provided. Prior to the passage of

AB 130, the State had the authority to set the fees for services provided by the Recorder.

2. The Recorder reports that the current revenue generated annually for the above-noted existing fees is approximately \$726,355. The Recorder estimates that based on the proposed increase in the existing fees and the establishment of the new fees, an additional \$486,385 in revenues would be generated annually, bringing the total amount of annual revenues generated to \$1,212,740. The estimated increase in revenues is reflected in the County Clerk/Recorder's 1994-95 budget.

Recommendation: Approve the proposed ordinance.

Item 19 - File 170-94-13

Department: San Francisco Fire Department

Item: Resolution approving a plan to reallocate \$2.27 million from 1992 Fire Improvement Bonds (Proposition C) in order to complete the combined Fire Department Headquarters and Pump Station.

Amount: \$2,270,000

Source of Funds: 1992 Proposition C Fire Improvement Bond Program

Description: In November 1989, San Francisco voters approved Proposition A, a \$59.7 million bond issue called the Earthquake Seismic Program - Phase I (ESP-1). The Fire Department was allocated \$31.5 million of these funds to perform seismic renovations, asbestos mitigation, provide disabled access and other repairs at nineteen Fire Department facilities. Both the Headquarters building at 260 Golden Gate Avenue and Pump Station 1 at 698 Second Street were included in ESP-1, and allocated \$4.6 million and \$2.1 million, respectively, of 1989 ESP-1 Bond Funds for seismic renovation, or a total cost of \$6.7 million.

A seismic engineering study was performed on the Headquarters building which provided three alternative structural remedies. Two of the three alternatives required a significant reduction in usable office space, loss of natural light, ventilation and parking, while the third alternative required considerably more than the \$4.6 million allocated for the Headquarters project. The Fire Commission approved a proposal in January, 1992 to combine the budgets of the Headquarters project and the Pump Station 1 project and create a combined Headquarters / Pump Station project at the 698 Second Street (Pump Station 1) location. In February, 1994 the Fire Commission subsequently approved a resolution to reallocate \$2.27 million from the Prop. C Bond Funds for Station 18 and the Fire Chief's Residence to the Headquarters / Pump Station project.

Initial independent estimates for the combined Headquarters / Pump Station were provided in September, 1992 at the 50% stage of design. By this time, approximately \$200,000 had been spent on the Headquarters study, leaving approximately \$6.51 million available for the combined Headquarters/Pump Station project. Estimates at this stage indicated that the project could be accomplished within this \$6.51 million budget.

Subsequent estimates provided in December, 1993 at the 90% stage of design, however, indicated that the project would require a total budget of approximately \$8.78 million, or approximately \$2.27 million over the original budget. The original project budget (at 50% design phase), the revised budget (at 90% design phase) and the added costs are detailed below:

	Original Budget	Added Costs	Revised Budget
Construction Cost & Contingency (10%)	\$5,148,000	\$1,666,000	\$6,814,000
Telecommunication	0	300,000	300,000
Asbestos Abatement	183,000	0	183,000
Programming/Planning/ Management	74,850	0	74,850
Design	633,631	100,000	733,631
Construction management/ Inspection	291,562	204,000	495,562
Misc. (permit, relocation,)	<u>179,140</u>	<u>0</u>	<u>179,140</u>
TOTAL	\$6,510,183	\$2,270,000	\$8,780,183

The Fire Department has to date spent approximately \$907,000 on the Headquarters / Pump Station project. Details on expenditures are provided below:

Planning and Management	\$73,202
Design	545,635
Agency Approval	98,444
Asbestos Abatement	152,831
Miscellaneous	<u>36,632</u>
TOTAL	\$906,744

Assistant Chief James Lynch estimates that the Fire Department has approximately four months of design work left before construction can commence, and anticipates going to bid and selecting a contractor by November 1994, if the Board of Supervisors approves this reallocation of funds.

The Fire Commission has authorized the temporary reallocation of \$1.17 million from the Fire Station 18 seismic strengthening project, and \$1.1 million from the Fire Chief's Residence seismic strengthening project, for a total transfer of \$2.27 million of Prop. C 1992 Bond Funds to the Headquarters / Pump Station project. The bond funds for Fire Station 18 and for the Fire Chief's Residence are included in the \$10.2 million 1992 Fire Improvement bond issue scheduled to be sold in August or September 1994.

According to Assistant Chief Lynch, the 1992 Prop. C Bond Funds to be reallocated from the Fire Station 18 project and the Fire Chief's Residence project will be replaced by State grant funds and/or accrued interest from the 1992 Bond Funds in order to complete all 1992 Bond funded projects. Fire Station 18 (located at 32nd Avenue between Ortega and Pacheco) is not scheduled for construction until summer 1996, and the Fire Chief's Residence project is scheduled for construction in early 1998.

Comments:

1. The proceeds from the Proposition A ESP-1 Bond Program for Fire Department projects are in one master project account. Therefore, a supplemental appropriation was not required in order for the Fire Department to use funds from either the original Headquarters project or the original Pump Station 1 project towards the new Headquarters/Pump Station project. Approval by the Board of Supervisors is required for this proposed resolution because the additional funds needed by the Fire Department would be from the Proposition C 1992 Fire Improvement Bond Funds, which are not yet issued but will be placed in a separate project account.

2. If the proposed resolution authorizing the reallocation of funds for the combined Headquarters / Pump Station project is not approved by the Board of Supervisors, the Fire Department will revert to its original plan to spend approximately \$4.6 to repair the Headquarters building at 260 Golden Gate Avenue, and approximately \$2.1 million to repair the Pump Station (minus the \$906,744 already spent on the combined project and the approximately \$200,000 spent on the original Headquarters study).

According to Assistant Chief James Lynch, the Headquarters building is currently overcrowded, and approximately 40 members of the Department's Fire Investigations and Field Inspections units who should be working in the Headquarters office are working at other locations. Members of Fire Investigations are working in office space on Harrison Street, while members of Field Inspections are working in office space on Amador Street. The Pump Station, by contrast, only uses approximately 10% of the available space in the Pump Station building for its current functions. If the Headquarters and Pump Station were combined at the 698 Second Street location, the new Headquarters would be 60% larger than its current facility. The Fire Department personnel now working at other locations could once again work in the centralized Headquarters building. According to Assistant Chief Lynch, the Fire Department would save approximately \$17,000 per year in rent it currently pays at the Amador Street location,

and \$31,000 per year in rent it pays at the Harrison Street location, for a total annual rent savings of approximately \$48,000.

3. The Pump Station is located in the Southeast Historical District. Fire Chief Medina believes this proposed project presents an opportunity to renovate a "historically significant building" that would enhance this District while providing the Fire Department with a more spacious, technologically and administratively efficient facility.

4. If the proposed resolution is approved by the Board of Supervisors and the Headquarters/Pump Station project is completed, the old Headquarters building will no longer be needed by the Fire Department, according to Assistant Fire Chief Lynch, and the Fire Commission will make a determination as to the future use of the building and will report back to the Board of Supervisors.

The Fire Station 18 project has qualified for a State Grant of \$1.188 million, which, according to Assistant Chief Lynch, is currently included in Senate Bill 747 and should be included in this year's State budget. These funds would replace the Prop. C funds that would be used in order to complete the proposed Headquarters / Pump Station project, if this proposed resolution is approved by the Board of Supervisors. If this grant is delayed, Fire Chief Medina reports that interest funds accrued from the 1992 Prop. C bond sale will be used to fund the project, and/or other project funds that will become available as a result of the State Grant fund. Assistant Fire Chief Lynch reports that as of May, 1994 there was approximately \$550,000 of accrued interest from Prop. C Bond Funds, and projects an additional nearly \$2 million in accrued interest on these funds by 1998.

5. Assistant Chief Lynch reports that a contractor has not yet been selected for the Headquarters / Pump Station project. Therefore, the \$1,666,000 of the total proposed \$2.27 million which would be used for the construction contract should be reserved pending the selection of a contractor, the contract cost details and the MBE/WBE status of the contractor.

Recommendation: 1. Amend the proposed resolution to reserve \$1,666,000 for the Headquarters/Pump Station project, pending the selection of a contractor and the MBE/WBE status of the contractor.

2. Approve the proposed resolution, as amended.

Item 20 - File 60-94-12.1

Department: Department of Public Works (DPW)
Clean Water Enterprise Program

Item: Resolution calling and providing for a Special Election to be held in the City and County of San Francisco on Tuesday, November 8, 1994, for the purpose of submitting to the voters of San Francisco a proposition to issue Sewer Revenue Bonds of the City and County for the purpose of acquiring, constructing, improving and financing improvements to the existing sewage treatment and disposal system. The proposed resolution would also consolidate the proposed special Sewer Revenue Bonds election with the General Municipal Election to be held on November 8, 1994.

Amount: \$146,075,000

Description: San Francisco has a combined sewer system that collects and processes both storm water runoff and sewage in a single system of pipes and treatment plants. In accordance with the Clean Water Enterprise Program's 1974 Master Plan, the combined sewer system includes 898 miles of sewer pipes, large underground ducts to temporarily store and transport sewage to treatment plants and three water pollution control treatment plants.

Normal sewage treatment during dry periods consists of removing non-sewage solid materials, digesting sewage with bacteria or chemicals and removing water leaving a dry residue.

During major storms, the additional storm water runoff enters the sewage system and mixes with the regular sewage resulting in a combined volume that exceeds the capacity of the treatment plants. To avoid this overflow situation in which untreated sewage backs up in sewers and floods City streets and some untreated sewage must be released into the Pacific Ocean or the San Francisco Bay, the DPW proposes new projects to be funded by the issuance of 30 year Sewer Revenue Bonds to (a) make flood control improvements to the existing sewage system, (b) rehabilitate and upgrade sewer pipes, overflow structures, outfalls, pump stations and treatment plants and (c) fund planning and design work on discharge alternatives required to meet new Regional Water Quality Control Board regulations.

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed resolution finds and determines that it is in the best interests of the City and County of San Francisco to submit a proposition to issue Sewer Revenue Bonds in the amount of \$146,075,000 to fund the following projects:

Flood Control Improvements

Illinois Street Pipeline Project \$2,500,000

A 60-inch sewer pipeline would be installed on Illinois Street (from 24th Street to Army Street) and on Army Street (from Illinois Street connecting to the existing sewer on Third Street). This new pipeline is necessary because currently there is no adequate link between the Mariposa transport, storage and pump station facility and the Rankin Street Pump Station. This project will help avoid exceeding the limit on overflows in the Mariposa basin imposed by the Regional Water Quality Control Board.

Yosemite/Egbert Sewer Enlargement 4,200,000

The sewers on Mendell Street and Yosemite Avenue, downstream of the Egbert and Donner Avenues intersection, were constructed between 1909 and 1934. These old sewers are capable of carrying only 53 to 61 percent of sewage flows based on current standards as evidenced by flooding at the Egbert and Donner Avenues intersection. This project consists of building new sewer lines as follows:

- 1,000 feet of 60 inch sewer pipeline on Carroll Avenue to Third Street.
- 570 feet of 78 inch sewer pipeline on Carroll Avenue from Third Street to Keith Street and on Keith Street from Third Street to Bancroft Avenue.
- 540 feet of 84 inch sewer pipeline on Keith Street from Bancroft and Armstrong Avenues.

- 600 feet of 66 inch sewer pipeline on Yosemite Avenue from Lane Street to Keith Street.
- 1,920 feet of 78 inch sewer pipeline on Yosemite Avenue from Keith Street to Ingalls Street.

Sunnydale Sewer Enlargement

\$11,100,000

Heavy rains cause flooding on Kelloch and Velasco Avenues, on Talbert Street and on Sunnydale Avenue. To correct these flooding problems, new sewer pipelines would be constructed as follows:

- 1,270 feet of 33 inch sewer pipeline on Schwerin Street from Velasco Avenue to Kelloch Avenue.
- 683 feet of 48 inch sewer pipeline on the Velasco right-of-way from Kelloch Avenue to Tomaso Court.
- 864 feet of 60 inch sewer pipeline on the Velasco right-of-way from Tomaso Court to Talbert Street.
- 382 feet of 60 inch sewer pipeline on Talbert Street from the Velasco right-of-way to Sunnydale Avenue.
- 540 feet of 72 inch sewer pipeline on Sunnydale Avenue from Talbert Street to Bayshore Boulevard.
- 1,050 feet of 108 inch sewer pipeline on Sunnydale Avenue from Bayshore Boulevard to Tunnel Avenue.
- 2,700 feet of 108 inch sewer pipeline on Tunnel Avenue from Sunnydale Avenue to Beatty Avenue and on Beatty Avenue from Tunnel Avenue to the Sunnydale Transport/Storage box sewer.

BOARD OF SUPERVISORS
BUDGET ANALYST

Glen Canyon Flood Control

\$3,200,000

There have been flooding problems at the mouth of Glen Canyon since 1957. During heavy rains, water flows down Glen Canyon often flooding the Recreation Center and Playground in Glen Canyon Park. Flood waters then overflow onto Elk Street. Also the overland flow path for flood waters at Burnside Avenue and Paradise Street leads into surrounding homes. These problems would be corrected by the following:

- Install a sewer in Bosworth Street from O'Shaughnessy Boulevard to San Jose Avenue and then on to the large sewer pipeline on Cayuga Avenue.
- Regrade Burnside Street at Paradise Street to provide a clear path for floodwater flow.
- Install catch basins in Glen Park.
- Enlarge the catch basin at Burnside and Paradise Streets.
- Regrade Paradise and Elk Streets to direct floodwater flow to catch basins.
- Improve Glen Park creek inlet structure.

Fifth Street Sewer Enlargement

7,100,000

The Fifth Street sewer from Folsom Street to Brannan Street has settled unevenly resulting in some sections sagging below others. This sagging produces curves in the pipeline that trap debris and cracks in the pipeline walls that allow sewage to seep into the surrounding soil. The DPW proposes to replace the six foot diameter round sewer pipeline with rectangular sewer ducts for the three blocks between Folsom and Brannan Streets.

Sewer Pipeline Replacements \$17,900,000

\$10.8 million would be used to immediately replace sewer pipelines on 79 projects throughout the City where the existing sewer pipeline is from 47 to 123 years old. According to DPW, sewer pipelines become prone to structural failure when they reach 40 years of age. DPW states that \$7.1 million would be used for "additional structural inadequacies over the life of this bond issue assuming a rate of failure similar to the current rate."

Subtotal - Flood Control Improvements \$46,000,000

Major Rehabilitation and Upgrading of Existing Systems

Bayside Distributed Control System Phase II \$3,500,000

According to DPW, the supervisory control computer system that was installed in the Southeast Water Pollution Control Plan in 1980 is obsolete and neither the computer hardware or the programming can be repaired to meet current needs. The proposed \$3.5 million is required to replace the supervisory control computer at the Southeast Water Pollution Control Plan and tie this system into the Bayside Distributed Control System.

Southwest Ocean Outfall Rehabilitation 6,600,000

The Southwest Ocean Outfall was originally designed (and constructed) to handle significantly higher discharge volumes than are currently experienced. The lower discharge volumes allow greater saltwater intrusion with the resulting growth of marine life inside the outfall that inhibits the free flow of discharges. The proposed project would (a) develop a methodology to clean the outfall of sediment and grease (\$250,000), (b) clean the outfall (\$2 million), (c) perform an engineering evaluation to determine a method to prevent saltwater intrusion

**BOARD OF SUPERVISORS
BUDGET ANALYST**

(\$1,250,000) and (d) install test saltwater prevention devices (\$3,100,000).

Northshore Pump Station Reliability Improvements

\$2,000,000

The Northshore Pump Station is subject to flooding because of faulty valves and a pump flywheel that would be replaced by the proposed project.

Channel Pump Station Variable Speed Control Improvements

2,000,000

The four pumps that were put into operation at the Channel Pump Station in 1980 typically operate at reduced speeds based on the low volume of sewage entering the system. At reduced speeds the variable speed control devices do not operate at maximum efficiency and deteriorate. The variable speed control devices would be repaired or replaced.

Southeast Water Pollution Control Plant Anaerobic Digestion Upgrade

20,000,000

Anaerobic digestion is the breakdown of concentrated organic materials (sewage) into elements that can be easily disposed of. The processing of sewage by anaerobic digestors has unpredictable side effects that have resulted in structural deterioration of the digesters. This project involves replacing five of the ten old anaerobic digestors with technologically improved anaerobic digestors.

Southeast Water Pollution Control Plant Rehabilitation

12,000,000

This facility, that was originally constructed in 1950, was upgrade in 1982. Increased maintenance and repairs to this old facility require rehabilitation and further upgrades. Phase I of this project (\$4,000,000) includes the replacement of two lift pumps with larger pumps and other improvements to the lift station. Phase II (\$5,000,000) consists of replacing and rehabilitating the system of screens that remove grit and other solid material from sewage. Improvements to the primary system (\$3,000,000) involve replacement of the primary sludge pumps

and installation of a new system to remove water from the sludge.

North Point Wet-Weather Water Pollution Control Plant

\$32,000,000

The North Point Plant operated continuously as a regular water pollution control plant from its completion in 1951 until 1983 when it was converted to a wet-weather plant that only operates during rainy weather when the volume of sewage is increased by storm water runoff. The North Point Plant's mechanical, electrical, control and support systems are now over 40 years old and are unreliable, difficult to repair and costly to maintain, according to DPW. A major rehabilitation of this plant is necessary including the following:

- Inspect, repair and design and construct upgrades to the outfall system that suffers from saltwater intrusion and the resulting growth of marine life (\$12,000,000).
- Replace debris and grit screen systems, replace two water systems and replace valves (\$7,000,000).
- Rehabilitate the main lift pump station including the lift and sump pumps, compressed air system and fire safety system (\$5,000,000).
- Rehabilitate the sedimentation buildings and disinfect facilities including ventilation systems, scum and sludge removal processes, a water system, disinfection systems and lifting system (\$8,000,000).

Subtotal - Major Rehabilitation and
Upgrading of Existing Systems

\$78,100,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Bayside Discharge Improvements
Planning and Design \$5,000,000

Bayside discharge planning and design work are required by changes in the criteria for discharges into the San Francisco Bay by Regional Water Quality Control Board (RWQCB) Orders. In addition to general discharge requirements this project will examine additional upgrades to the Southeast and Oceanside Water Pollution Control Plants to meet RWQCB requirements.

Financing Costs 16,975,000

Costs associated with issuing these proposed Sewer Revenue Bonds include bond issuance costs (\$4,296,000) and a Debt Service Reserve Fund (\$12,679,000) required by the investment community and rating agencies for utility-type Sewer Revenue Bonds to assure timely payment of principal and interest on the bonds and as additional security for the bonds.

Total Proposed Sewer Revenue Bonds \$146,075,000

The proposed resolution fixes the date of the special election for November 8, 1994 and specifies the manner of holding such special election and the procedure for voting for or against the Sewer Revenue Bond measure. The proposed resolution fixes the maximum rate of interest of not more than 12 percent on the proposed Sewer Revenue Bonds and provides that revenues from the Clean Water Enterprise are pledged to pay both principal and interest for the proposed Sewer Revenue Bonds. The proposed resolution prescribes that notice be given of the special election, consolidates the proposed special election with the General Election to be held on November 8, 1994 and provides that the election precincts, voting places and officers for the election be the same as for the General Election.

Comments:

1. As previously noted, the proposed resolution, specifies that, if approved by the voters, the bonds would not bear an interest rate greater than 12 percent.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. According to the proposed resolution, the proposed Sewer Revenue Bonds are not to be secured by the taxing power of the City and County of San Francisco. The proposed bonds are Sewer Revenue Bonds payable exclusively from revenues (Sewer Service Charges) of the Clean Water Enterprise Program.

3. According to the DPW's schedule of cash flow requirements for projects included in the proposed \$146,075,000 Sewer Revenue Bond program, funds for the various projects would be required over a six-year period. The proposed Sewer Revenue Bonds would be sold in three to five issuances to accommodate the cash flow requirements. Mr. Bob Hesse of the DPW indicates that the impact of the proposed Sewer Revenue Bonds on the Sewer Service Charge will not exceed an additional one percent each year for three years beginning in FY 1995-96. The cumulative increase would be approximately six percent in the sixth year after all of the Sewer Revenue Bonds have been sold, according to Mr. Hesse.

4. Mr. Hesse states that the proposed Sewer Revenue Bonds would primarily fund capital projects that have been deferred over the last 18 years during which time DPW concentrated on capital projects to meet more stringent Federal and State requirements on discharges.

5. If the proposed Sewer Revenue Bonds are approved by the electorate, none of the proposed Sewer Revenue Bond proceeds can be expended until separate, subsequent appropriation approval is obtained from the Board of Supervisors.

Recommendation:

Approval of the proposed resolution calling for a Special Election to issue \$146,075,000 in Sewer Revenue Bonds that would result in an increase in Sewer Service Charges is a policy matter for the Board of Supervisors.

Item 21 - File 101-94-3

Department: Department of Public Works (DPW),
Clean Water Enterprise Program

Item: Supplemental appropriation ordinance for a capital improvement project to cover coverage above ten percent of the contracted amount, pursuant to provisions of Charter Section 7.203, and providing for ratification of action previously taken for Fiscal Year 1994-95.

Amount: \$92,166

Source of Funds: Clean Water Repair and Replacement Project Fund (Sewer Service Charges)

Description: The Department of Public Works (DPW) reports that the proposed supplemental appropriation in the amount of \$92,166 would be used to pay for contract modifications, which exceed ten percent of the original contract, for a Sewer Lining Project for relining the Geary Boulevard Sewer between Arguello Boulevard and Fifth Avenue. Charter Section 7.203 requires such authorization of the Board of Supervisors if the amount of a contract is increased by more than ten percent of the original contract amount.

This project consists of relining 917 feet of 27 and 28 inch sewer pipe and includes rerouting street traffic, trenching, cleaning and televising the existing sewer, removing obstructions, replacing damaged lining bricks, diverting sewage flows around work areas and installing plastic liners.

Unforeseen additional work was necessary when problems were discovered that were not included in the specifications for the original \$396,000 construction contract. The resulting change orders totalling \$142,633 increase the construction cost by more than ten percent as follows:

Construction Cost

Original Contract	\$396,000	
Change Orders	<u>142,633</u>	
Subtotal	\$538,633	
Less Other Adjustments	<u>10,866</u>	
Total Construction Cost		\$527,767

Funding Allocation

Original Contract	\$396,000	
Contingency (10%)	<u>39,600</u>	
Total Funding		<u>435,600</u>

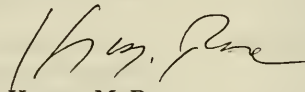
BOARD OF SUPERVISORS
BUDGET ANALYST

Excess Of Construction Cost over
Available Funding

\$92,167

The \$142,633 in Change Orders adds 36 percent to the Original Contract amount of \$396,000. Therefore, pursuant to Charter Section 7.203, the Board of Supervisors must approve the increase in the \$396,000 construction contract to include change orders totalling \$142,633.

Recommendation: Approve the proposed supplemental appropriation ordinance.



Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

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CALENDAR

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BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING

MONDAY, JULY 18, 1994, 1:30 PM

ROOM 228, CITY HALL

MEMBERS: Supervisors Tom Hsieh, Angela Alioto, Sue Bierman

CLERK: Mary Red

* * * * *

Disability Access

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For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

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CALENDAR

SPECIAL BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

MONDAY, JULY 18, 1994 - 1:30 P.M.

ROOM 228, CITY HALL

MEMBERS: SUPERVISORS HSIEH, ALIOTO, BIERMAN

CLERK: MARY L. RED

1. File 161-94-4. [Redevelopment Agency Budget and Bonds] Resolution approving the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1994-95; and approving the issuance by the Agency of Bonds in an aggregate principal amount not to exceed \$25,850,000 for the purpose of financing Redevelopment activities in fiscal year 1994-1995. (Redevelopment Agency) (7/11/94, rereferred to Budget Committee from Board)

ACTION:

BOARD OF SUPERVISORS
BUDGET COMMITTEE
ROOM 235, CITY HALL
SAN FRANCISCO, CA. 94102

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BOARD OF SUPERVISORS

BUDGET ANALYST

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July 15, 1994

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TO: Budget Committee

FROM: Budget Analyst *Recommendation*

SUBJECT: July 18, 1994 Special Budget Committee Meeting

Item 1 - File 161-94-4

Note: This item was rereferred from the Board of Supervisors meeting of July 11, 1994.

The proposed resolution would approve the budget of the San Francisco Redevelopment Agency (SFRA) for Fiscal Year 1994-95. This resolution would also approve the issuance by the SFRA of bonds in a total principal amount not to exceed \$25,850,000 for the purpose of financing redevelopment activities in Fiscal Year 1994-95.

1. The following proposed SFRA budget of \$115,673,000 for FY 1994-95 is \$53,878,600 or approximately 87.2 percent more than the approved 1993-94 budget of \$61,794,400:

Amount: \$115,673,000

Revenues:	<u>FY 1993-94</u>	<u>FY 1994-95</u>
Property Sales	\$--	\$3,346,000
Rentals/Leases	6,111,000	9,565,000
Prior Year Earnings/Savings	8,869,000	6,812,000
Bond Proceeds	--	46,200,000
Grants	6,350,000	12,268,000
Developer Contributions	700,000	75,000
Tax Increment*	12,262,000	14,925,000
Tax Increment Bond Requirement*	<u>27,502,400</u>	<u>22,482,000</u>
Total	\$61,794,400	\$115,673,000

Memo to Budget Committee
July 18, 1994 Special Budget Committee Meeting

Expenditures:	<u>FY 1993-94</u>	<u>FY 1994-95</u>
Legal	\$1,162,000	\$269,000
Studies & Misc. Items	1,247,000	3,996,000
Acquisition	2,233,000	2,000,000
Public Improvements	5,170,000	49,515,000
Architect, Engineering, Design & Review	0	36,000
Construction Monitoring	1,950,000	115,000
Relocation	721,000	424,000
Property Maintenance	6,056,000	7,657,000
Housing Production & Assist.*	16,727,000	21,537,000
Employment Assist.	686,000	886,000
Business Dev/Revitalization	390,400	1,001,000
Debt Service	<u>17,282,000</u>	<u>19,365,000</u>
Subtotal	\$53,624,400	\$106,801,000
<u>Administrative Budget</u>		
Personnel Costs	\$6,530,000	\$7,128,000
Other Administrative Costs*	<u>1,640,000</u>	<u>1,744,000</u>
Subtotal	\$8,170,000	\$8,872,000
Total	\$61,794,400	\$115,673,000

* Reflects changes recommended by the Budget Committee including reductions of \$411,033 in SFRA's administrative budget and an increase of \$800,000 to the budget for Housing Production and Assistance.

2. As noted above, the proposed budget for FY 1994-95 is approximately \$53.8 million more than SFRA's approved budget for FY 1993-94. \$39 million of this \$53.8 million increase is attributable to the various new construction projects at the Yerba Buena Center. The remaining \$14.8 million increase is primarily due to (1) increased funding of \$5,229,000 for new projects in the Western Addition Project Area (2) increased funding of \$1,252,000 for projects in the Hunters Point Project Area, (3) \$2.3 million for base conversion activities at the Hunters Point Shipyard and Treasure Island, (4) \$546,000 for the Golden Gateway Project Area, and (5) \$474,000 associated with the new Transbay Terminal survey area.

3. The proposed legislation would also approve and authorize an amendment to the Indebtedness Limitation Agreement between the SFRA and the City. This agreement authorizes the SFRA to claim an additional \$2,202,000 annually to repay the 1994 Tax Increment Bond and limits the SFRA to a cumulative annual tax increment payment of \$17,127,000 per its statement of indebtedness to be filed by October 1, 1994. The \$17,127,000 would be distributed as follows:

1994-95 Proposed SFRA Tax Increment Revenue

1989-90 Tax Increment	\$3,757,431
1990-91 Tax Increment	1,887,400
1991-92 Tax Increment	1,673,108
1992-93 Tax Increment	2,475,430
Additional 1992-93 (not taken by SFRA)	2,468,631
1993-94 Tax Increment	<u>2,663,000</u>
Total Prior Year Tax Increment Revenue	\$14,925,000

1994-95 Proposed Tax Increment	<u>2,202,000</u>
--------------------------------	------------------

Total 1994-95 Tax Increment Revenue	\$17,127,000
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The proposed legislation would approve the issuance of bonds in an aggregate amount not to exceed \$25,850,000 for the purpose of financing 1994-95 redevelopment activities.

4. As previously reported, there are two new full-time equivalent (FTE) positions in the proposed budget as follows:

Hunters Point/India Basin/Western Addition Project Areas

1.0 Senior Management Assistant	\$51,350
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Project Management

1.0 Deputy Executive Director	96,694
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Subtotal Salaries	\$148,044
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Mandatory Fringe Benefits (@19.42%)	<u>28,750</u>
-------------------------------------	---------------

Total cost of proposed 2.0 New FTE Positions	\$176,794
--	-----------

5. The Fiscal Year 1994-95 budget of the SFRA also includes two permanent economic development positions which are currently temporary, a Deputy Executive Director of Economic Development and a Director of Project Formulation. These two positions were transferred from the Mayor's Office of Economic Development (MOED) to the SFRA in FY 1993-94 in order to consolidate the City's economic development activities in one City Agency. The Board of Supervisors did not approve the transfer of these position during the FY 1993-94 budget review. However, according to Mr. Gamble, the Mayor's Office requested the SFRA to retain these two positions on a temporary basis. At that time, the SFRA eliminated a newly vacated Chief of Economic Development position and placed the Deputy Executive Director of Economic Development in charge of Economic Development for the SFRA. Thus, Mr. Gamble, advises that if the Board of Supervisors does not approve the Deputy Executive Director position, the SFRA would not have a Director of Economic Development.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 18, 1994 Special Budget Committee Meeting

If these positions are made permanent, they will not have Civil Service status. In other words, these positions would not have bumping rights nor would they be represented by an employee union. In addition, according to Mr. Gamble, these positions would be subject to a six month probationary period after which the SFRA's Executive Director could dismiss them. Nevertheless, because the Board of Supervisors did not approve of transferring these two positions from the Mayor's Office to the SFRA in FY 1993-94, the Budget Analyst considers approval of making these two positions permanent SFRA positions in FY 1994-95 a policy matter for the Board of Supervisors.

However, it should be noted that the salary of the Deputy Executive Director of Economic Development position is \$100,126 or \$18,158 more than the salary of the previous Chief of Economic Development position of \$81,968. The proposed Deputy Executive Director of Economic Development position would be at the same salary level as the Deputy Executive Director of Finance and Administration and the Deputy Executive Director of Technical Services. While both of these latter two Deputy Executive Director positions earn a maximum annual salary of \$100,126 (top step), these two Deputy Executive Director positions have six to eight divisions and 32 to 52 employees beneath them in comparison to the proposed Deputy Executive Director for Economic Development position who would have one division and five employees reporting to him. In the SFRA's proposed organizational structure for FY 1994-95, the proposed Deputy Executive Director for Economic Development would be reporting to the proposed Deputy Executive Director for Program and Project Management also with an annual salary of \$100,136. As such, if the Board of Supervisors approves the transferred position of Deputy Executive Director of Economic Development, that position should be reclassified to the previous Chief of Economic Development position with an annual salary of \$81,968.

6. A list of all of the positions in the SFRA Administrative Budget for Fiscal Year 1994-95, including the classifications, the number of positions and the annual salary amounts for each classification, is shown in Attachment.

7. The previous recommendations of the Budget Committee made to the full Board of Supervisors regarding the SFRA budget for Fiscal Year 1994-95 are as follows:

Page No.	Object	Account Title	Position/ Equipment <u>Number</u>			<u>Position</u>		<u>Savings</u>
			<u>Number</u>	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>	
		Administrative costs				\$1,951,500	\$1,744,009	\$207,491
		Reduce to actual 1993-94 expenditure level adjusted by a cost of living factor for 1994-95.						

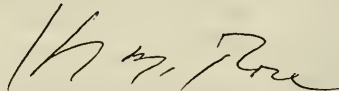
Memo to Budget Committee
 July 18, 1994 Special Budget Committee Meeting

Page No.	Object	Account Title	Position/ Equipment Number	Number From	To	Position From	To	Savings
		Clerk/Receptionist		1	0	\$29,665	\$0	\$29,665
		Delete vacant position. The Budget Analyst's Management Audit of the Redevelopment Agency in 1992 recommended that the SFRA reduce its clerical staffing by 8 positions.						
		Deputy Executive Director- Economic Development		1	0	100,126	0	100,126
		Chief of Economic Development		0	1	0	81,968	(81,968)
		Reclassify proposed new Deputy Executive Director position to a Chief of Economic Development which will result in salary savings of \$18,158 & reduce the salary of the Deputy Executive Director to \$81,968.						
		Mandatory Fringe Benefits				1,192,268	1,183,182	9,086
		Correspond to reduction in salaries.						
		Salary Savings				0	(146,633)	<u>146,633</u>
		The SFRA's 1994-95 budget did not include salary savings. The proposed amount equals approximately 2% of total personnel costs.						
		Total Recommended Reductions						\$411,033

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 18, 1994 Special Budget Committee Meeting

8. In addition, the Budget Committee amended the SFRA request to issue Tax Increment Bonds by reducing the authorization to issue such bonds from the requested amount of \$27,000,000 to an amount not to exceed \$25,850,000.



Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

San Francisco Redevelopment Agency FY 1994-95 Proposed Positions

Position	FTE	Annual Salary Per Position at Top Step	Total Annual Salary
Accountant	1	\$39,156	\$39,156
Admin Assist II	1	44,798	44,798
Admin Serv Officer	1	77,402	77,402
Administrative Asst. I	1	39,520	39,520
Affir Act Specialist	2	67,496	134,992
Affir Action Officer	1	78,130	78,130
Agcy Gen Counsel	1	100,126	100,126
Architectural Assistant	1	46,566	46,566
Architectural Associate	1	59,462	59,462
Assist Planner	1	46,800	46,800
Asst Aff Act Spec	1	56,888	56,888
Asst Dir Comm. Serv.	1	82,030	82,030
Asst. Dev Specialist	1	57,798	57,798
Asst. Harbormaster	1	43,108	43,108
Asst. Hsg Mngt Specialist	1	55,770	55,770
Asst. Proj Coordinator	2	60,034	120,068
Chf Architecture	1	84,448	84,448
Chf Dev/Real Estate	1	84,448	84,448
Chf Engineer/Rehab	1	84,448	84,448
CHF Planning & Programming	1	84,448	84,448
Chief, Housing	1	84,448	84,448
Clerk/Receptionist	1	29,665	29,665
Conf Sec/Exec Dir	1	48,693	48,693
Const Insp. (Acting Rehab Counselor)	1	64,896	64,896
Data Processing Supervisor	1	61,727	61,727
Deputy Agncy Counsel	2	84,448	168,896
Deputy Exec Dir	4	100,126	400,504
Dev Specialist	7	69,160	484,120
Dir. of Loan Programs	1	71,162	71,162
Dir. of Project Formulation	1	76,596	76,596
Exec Assistant	1	58,292	58,292
Exec Secretary I	3	42,582	127,746
Exec Secretary II	6	43,570	261,420
Exec Secretary III	1	45,625	45,625
Executive Director	1	127,790	127,790
Finan Operation Manager	1	76,596	76,596
Financial Analyst	1	65,182	65,182
Financial Sys Acct	1	59,462	59,462
Harbor Attendant I	1	31,130	31,130
Harbor Attendant II	2	35,568	71,136
Harbor Office Assistant	1	33,904	33,904

San Francisco Redevelopment Agency FY 1994-95 Proposed Positions

Position	FTE	Annual Salary Per Position at Top Step	Total Annual Salary
Harbor Office Manager	1	\$41,080	\$41,080
Harbormaster	1	54,990	54,990
Laborer	3	38,882	113,646
Laborer Supervisor	1	41,288	41,288
Legal Secretary II	1	50,070	50,070
Legal Secretary III	1	52,489	52,489
Personnel Analyst	1	47,944	47,944
Prin Accountant	2	53,924	107,848
Principal Clerk Typist	1	38,318	38,318
Proj4ect Coordinator	4	76,596	306,384
Project Director	1	86,502	86,502
Purchasing Assistant	1	35,230	35,230
Real Estate Specialist	1	76,258	76,258
Rec Specialist I	1	31,122	31,122
Rec Specialist II	2	38,037	76,074
Rec/Micro Supervisor	1	51,350	51,350
Reprod Specialist	1	30,394	30,394
Res & Bus Svcs Supervisor	1	67,782	67,782
Secretary II	3	39,229	117,687
Senior Architect	3	74,412	223,236
Snr Clerk Typist	1	35,641	35,641
Snr Land Arch/Contract Adm	1	67,782	67,782
Snr Planner	1	67,132	67,132
Snr. Community Service Spec	2	48,178	96,356
Sr. Accountant	2	44,356	88,712
Sr. Civil Engineer	1	80,080	80,080
Sr. Dev Specialist	1	76,258	76,258
Sr. Management Assistant	1	51,350	51,350
Supervising Clerk	1	42,582	42,582
Tel. Operator/Receptionist	1	33,409	33,409
Total	104		\$6,158,390

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/// CALENDAR ... ACTION TAKEN
/// BUDGET COMMITTEE
/// BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, JULY 20, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ACTING CLERK: KAY GULBENGAY

1. File 101-90-10.12. [Reserved Funds, Asian Art Museum, \$37,191] Hearing requesting release of reserved funds, Asian Art Museum, 1989 Earthquake Bond, in the amount of \$37,191, to modify contract with the contractor (Rutherford & Chekene) for the seismic strengthening study. (Asian Art Museum)

ACTION: Hearing held. Release of \$37,191 approved. Filed.

2. File 101-94-4. [Appropriation, Dept of Public Works, \$1,545,654] Ordinance appropriating \$1,545,654, Department of Public Works, from the 1989 Earthquake Safety Bond fund interest earnings for capital improvements to the Palace of the Legion of Honor for fiscal year 1994-95. (Controller)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor).

3. File 101-94-5. [Appropriation, Fire Department, \$90,436] Ordinance appropriating, \$90,436, Fire Department, of 1992 Fire Protection Bond interest earnings for capital improvement project (replacement of diesel fuel tank at Station 13), for fiscal year 1994-95. RO #94017 (Controller)

ACTION: Hearing held. Amended on page 1 line 3 (title) after "1994-95" by adding "placing \$69,850 on reserve"; on line 16 by adding "Section 2. Funds in the amount of \$69,850 are hereby placed on reserve for the construction contract and contingency for diesel tank replacement project pending selection of a contractor and MBE/WBE status of the contractor, to be released by the Budget Committee."
New Title: "Appropriating, \$90,436, Fire Department, of 1992 Fire Protection Bond interest earnings for Capital Improvement Project, for fiscal year 1994-95; placing \$69,850 on reserve. (Replacement of diesel fuel tank at Station 13)

Recommended as amended. (Supervisor Alioto added as co-sponsor).

4. File 101-94-6. [Appropriation, Fire Department, \$2,490,000] Ordinance appropriating \$2,490,000, Fire Department, from 1986 Fire Protection System Improvement Bond fund-interest earned to capital improvement project (extension of the auxiliary water supply system) for fiscal year 1994-95. (Controller)

ACTION: Hearing held. Amended on page 1 line 3 (title) after "1994-95" by adding "placing \$2,090,000 on reserve"; on line 17 by adding "Section 2. Funds in the amount of \$2,090,000 for the AWSS pipeline project (\$1,900,000 for the construction and \$190,000 for contingency), pending the selection of a contractor and the MBE/WBE status of the contractor, to be released by the Budget Committee."
New Title: "Appropriating \$2,490,000, Fire Department, from 1986 Fire Protection System Improvement Bond fund-interest earned to capital improvement project (Extension of the Auxiliary Water Supply System) of the Fire Department for fiscal year 1994-95; placing \$2,090,00 on reserve."
Recommended as amended. (Supervisor Alioto added as co-sponsor).

5. File 97-94-42. [Supportive Housing Service Fund] Ordinance amending Administrative Code by adding Section 10.117-113 to establish a Supportive Housing Service Fund. (Supervisors Bierman, Alioto, Hsieh)

ACTION: Hearing held. Amended on page 5 line 19 after "Fund" by inserting "when the balance of the Fund exceeds \$10,000."
Recommended as amended.

6. File 115-94-7. [City Planning Code Fee Exception] Ordinance authorizing an exception for the Courthouse construction project to requirements set forth in City Planning Code Sections 351, 352, 356 and 358 regarding fees for the Department of City Planning. (Supervisor Hsieh)
(Disapproved by City Planning Resolution #13715)

ACTION: Continued to call of the chair.

7. File 30-94-18. [Patient Day Rates for Fiscal Year 1994-95] Resolution fixing patient day rates for services furnished by City and County health care institutions and rescinding Resolution No. 458-93. (Department of Public Health)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor).

8. File 82-94-6. [Noise Easement Acquisition] Resolution authorizing the acquisition of 871 noise easements in the City of Daly City, 222 noise easements in the City of Pacifica, 750 noise easements in the City of San Bruno, and 1,693 noise easements in the City of South San Francisco as a part of the Airport master plan's memorandum of understanding between the Airport and its neighboring communities. (Real Estate Department)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor).

9. File 84-94-3. [Acquisition of Property, 23rd/Treat Streets] Resolution authorizing acquisition of real property identified as Assessor's Block 3639, Lots 5 and 5A (23rd and Treat Streets) for open space purposes (Mission District Park) and adopting findings pursuant to City Planning Code Section 101.1. (Supervisor Leal)

ACTION: Hearing held. Recommended. (Supervisors Hsieh, Alioto and Bierman added as co-sponsors).

10. File 206-94-2. [Contribution to Housing Authority] Resolution authorizing contribution by City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving payments in lieu of taxes for fiscal years, 1990-91, 1991-92, and 1992-93. (Supervisor Kennedy) (Continued from 7/6/94)

ACTION: Continued to July 27, 1994 meeting.

11. File 97-94-1.1. [Voter Information Pamphlet Materials] Ordinance suspending the requirements of San Francisco Administrative Code Sections 5.79 and 5.80 and any other law requiring the legal text of a measure to be printed in the voter information pamphlet, with respect to any Charter revision measure submitted at the November 8, 1994 election. (Supervisor Kaufman)
(Transferred to Budget Committee from Rules Committee due to FISCAL IMPACT; to go to Board July 25, 1994).

ACTION: Hearing held. Continued to July 27, 1994 meeting.

12. File 185-94-1. [Irregularities in Mayor's Office of Children/Youth] Hearing to consider possible irregularities in the funding process for the 1994-95 fiscal year. (Supervisor Alioto)

ACTION: Hearing held. Continued to July 27, 1994 meeting.

27
94
CITY AND COUNTY



OF SAN FRANCISCO

11
BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

July 18, 1994

TO: 11 Budget Committee

FROM: 11 Budget Analyst *Recommendations*

SUBJECT: July 20, 1994 Budget Committee Meeting

DOCUMENTS DEPT.

JUL 20 1994

Item 1 - File 101-90-10.12

SAN FRANCISCO
PUBLIC LIBRARY

Department: Asian Art Museum

Item: Requesting release of reserved funds in the amount of \$37,191 to modify a contract with Rutherford & Chekene for a seismic strengthening study.

Amount: \$37,191

Source of Funds: 1989 Earthquake Safety Program, Phase One Bond Proceeds

Description: In September of 1990, the Board of Supervisors approved the first bond sale appropriation request of \$18,927,166 for Phase I of the Earthquake Safety Program (File 101-90-10). Of the \$18,927,166 approved, \$6,756,266 was reserved, including \$1,357,365 for the predesign study and design phases of seismic improvements to the existing Main Public Library, which is to be renovated to serve as the "Asian at the Civic Center." The \$1,357,365 was placed on reserve pending the selection of design and engineering consultants, the submission of budget details and the MBE/WBE/LBE status of the consultants.

In April of 1991, \$346,705 was released for the predesign phase of the Old Main Library seismic upgrade project. Of the \$346,705, \$44,645 was for the Asian Art Museum for in-house staff management of the predesign phase and \$302,060 was to fund the \$324,550 contract with the engineering consulting firm Rutherford & Chekene, which developed several alternative seismic strengthening schemes. The remaining \$22,490 of the \$324,550 consulting contract was funded by Earthquake Safety Program, Phase Two Bond proceeds. The Board of Supervisors subsequently released an additional \$36,990 to conduct the peer review of the seismic strengthening study, leaving a balance of \$973,670 on reserve. The Asian Art Museum is now requesting the release of \$37,191 for contract modifications to the contract with Rutherford & Chekene. The budget details are as follows:

Contractual Services

Rutherford & Chekene:

Professional Services (approximately 2,781 hours @ \$71 per hour)	\$197,424
Other Expenses	10,615

Subcontractors (13% MBE/WBE firms):

Professional Services (approximately 1,618 hours @ \$95 per hour)	<u>153,702</u>
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Total Project Cost	\$361,741
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Less Previously Approved Funding	<u>324,550</u>
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Excess Cost Over Approved Funding	<u>\$37,191</u>
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The Asian Art Museum advises that the additional funds are needed for the consulting contract because the Asian Art Museum requested that Rutherford & Chekene develop a third seismic strengthening scheme in addition to the two schemes required in the contract in order to provide an appropriate cost comparison between the three different seismic strengthening schemes. In addition, at the request of the Asian Art Museum, Rutherford & Chekene developed each of the three seismic strengthening schemes to a higher level of definition than originally proposed in order to 1) ensure that the historically and architecturally significant features of the Old Main Library building are protected from damage during construction, and 2) identify additional measures that could be taken to protect the Asian Art Museum's collection during an earthquake of great magnitude. According to Mr. Rand Castile, Director of the Asian Art Museum, this greater level of development of the seismic strengthening alternatives will

Memo to Budget Committee
July 20, 1994

provide the future design team, which will consist of architectural and structural engineering consultants, with a clearer and firmer starting point, and may therefore save money in the long run.

Recommendation: Approve the release of reserved funds in the amount of \$37,191.

Item 2 - File 101-94-4

Department: Department of Public Works (DPW)

Item: Ordinance appropriating \$1,545,654 from 1989 Earthquake Safety Bond Fund interest earnings for capital improvement projects to the Palace of the Legion of Honor.

Amount: \$1,545,654

Source of Funds: Interest earned on 1989 Earthquake Safety Program, Phase One Bond Proceeds

Description: In November of 1989, the electorate approved the Earthquake Safety Bond Program, Phase One (ESP I), in the amount of \$59,700,000. Bond proceeds were allocated for seismic upgrades, asbestos abatement, disabled access and facilities improvements for buildings and facilities of the Fire Department, the Fine Arts Museums, the Asian Arts Museum, the Academy of Sciences, Laguna Honda Hospital and the Department of Public Works. There have been four sales of ESP I Bonds to date, totaling \$48,600,000.

The proposed supplemental appropriation ordinance would appropriate accumulated interest earned on bond proceeds between the time that the bonds were sold and the time that the proceeds were actually expended. The proposed \$1,545,654 supplemental appropriation would provide funding for additional construction and other related costs at the Palace of the Legion of Honor.

The Palace of the Legion of Honor seismic upgrade project involves seismic upgrading, related asbestos abatement and disabled access work. The original project budget was \$11,232,000, which was funded by ESP I Bond proceeds. Mr. Jorge Alfaro of the DPW's Bureau of Architecture advises that additional funding is required for this project because of the following conditions:

- **Scope Increases in Asbestos Abatement** \$171,819
- Originally, the project included only partial asbestos encapsulation and removal. During the course of the project, additional materials containing asbestos were found in the ceilings and behind wall finishes. As such, a complete asbestos removal project was implemented in those areas, as required by law. Additional asbestos abatement consulting services were

performed by Cohrssen Environmental, a WBE firm, at an additional cost of \$171,819.

• Differing Site Conditions \$903,168

The Palace of the Legion of Honor building was built in 1924 on City park property that had been converted from an old cemetery. During the excavation phase of the seismic upgrade project, more than 600 coffin burials from that cemetery were recovered, which was far more than expected. Special measures were implemented to extract and turn over all remains to the City's Medical Examiner, in accordance with State law. The additional costs of these activities are as follows:

Hensel Phelps, Inc. - General	
Construction/Site Preparation	\$382,007
Holman & Associates - Site	
Preparation/Burial Removal	<u>521,161</u>
Total	\$903,168

• Project Delays 217,811

Due to the asbestos abatement scope increases and the site preparation and burial removal delays, the project has suffered delays of 13 months thus far. These delays have impacted the leases associated with the relocation of museum functions to off-site facilities. The Fine Arts Museums must therefore extend the term of each lease until the various functions can be returned to the Legion of Honor. The following is a breakdown of the additional costs for the extensions of three leases and the services of the Real Estate Department:

Crown Point Press Extension	\$66,817
Art Warehouse Extension	102,838
Post Street Extension	36,156
Real Estate Department Services	<u>12,000</u>
Total	\$217,811

• Testing and Special Inspections 69,606

Due to requirements of the Bureau of Building Inspections, the total testing and inspections required for the seismic renovations increased from \$21,000 to \$90,606, or by \$69,606. The Fine Arts Museums selected Consolidated Engineering

Labs to perform the required testing and inspections.

• Architectural and Engineering Services \$183,250

After commencing construction, it was discovered that several conditions of the existing foundation and other structural elements deviated from the 1924 drawings. In some cases, these conditions were significantly different, requiring the re-engineering and redesign of structural and seismic elements of the project. In addition, the demolition required to expose and remove asbestos necessitated revision to the architectural construction documents for all seismically renovated areas affected by the discovery of the additional asbestos. A breakdown of the additional costs for the architectural consultant, Mark Cavagnero Associates, follows:

Asbestos Abatement	\$143,000
Differing Site Conditions	<u>40,250</u>
Total	\$183,250

TOTAL SUPPLEMENTAL REQUEST \$1,545,654

Comment:

The total cost of the seismic upgrade, asbestos abatement and disabled access work being performed on the Palace of the Legion of Honor is \$12,777,654, which includes the proposed \$1,545,654 supplemental appropriation plus \$11,232,000 in previously appropriated Earthquake Safety Program Bond funds. In addition, the Fine Arts Museums is funding a concurrent private renovation and expansion of the building through private donations totaling \$18,831,797 to date.

Recommendation: Approve the proposed ordinance.

Item 3 - File 101-94-5

Department: San Francisco Fire Department (SFFD)

Item: Ordinance appropriating \$90,436 of 1992 Fire Protection Bond interest earnings to a capital improvement project to replace the diesel fuel tank at Fire Station 13, for fiscal year 1994-95.

Amount: \$90,436

Source of Funds: 1992 Proposition C Fire Department Facilities Project Bonds

Description: The proposed ordinance would appropriate \$90,436 of accrued interest from the 1992 Fire Department Facilities Project Bond funds to replace the single walled underground diesel fuel tank at Fire Station 13 with a double-walled tank. Current State law requires that all noncompliant underground storage tanks be replaced or upgraded to double-walled tanks by 1998. Fire Station 13, located at 530 Sansome Street (at Washington Street), has both an underground gasoline tank and an underground diesel fuel tank that must be replaced with double walled tanks.

The gasoline tank was ruptured during the Loma Prieta earthquake in 1989, and will be replaced using FEMA (Federal Emergency Management Agency) funds. Due to the extent of soil contamination from the ruptured gasoline tank, the excavation required to remove the contaminated soil in the FEMA project will also expose the underground diesel fuel storage tank, providing the City with an opportunity to replace the diesel tank without having to perform or pay for a majority of the excavation work. In addition, performing these projects simultaneously will limit traffic congestion and minimize disruption to SFFD's emergency response ability.

The 1992 Proposition C Fire Department Facilities Project Bond program did not include underground diesel fuel storage tank replacement, but the City Attorney's Office has determined that this requested expenditure of \$90,436 in accrued interest from the 1992 Bond program is a legal use of these bond funds.

If the proposed supplemental appropriation is approved, the Department of Public Works (DPW) estimates that it will put the diesel tank replacement project to bid by December, 1994 (DPW will hire one contractor to perform both the gasoline tank and the diesel tank replacement projects). DPW estimates that construction should commence by March,

1995. The Bureau of Engineering (BOE), DPW is performing the design work, and the Bureau of Construction Management (BCM), DPW will perform the construction management for the proposed diesel tank replacement project.

Budget: The project budget for the diesel tank replacement, assuming it is performed in conjunction with the FEMA-funded gasoline tank replacement, is as follows:

BOE Design	\$12,286
Construction	63,500
Contingency (10%)	6,350
BCM Construction Management	<u>8,300</u>
TOTAL	\$90,436

Comments:

1. Mr. Thanh Nguyen of the Bureau of Engineering (BOE), Department of Public Works (DPW) reports that it would cost the City approximately \$121,186 to replace the diesel fuel tank as a standalone project, after the gasoline tank project has been completed. However, as previously noted, the underground diesel fuel tank replacement project would cost approximately \$90,436, or \$30,750 less than the \$121,186 amount noted above, if completed in conjunction with the FEMA-funded replacement of the underground gasoline tank.

2. Fire Chief Joseph Medina reports that the DPW informed the Fire Department that there is approximately \$350,000 of accrued interest from the 1992 Fire Department Facilities Project Bonds available to fund the underground diesel fuel tank replacement project (the City invests bond proceeds when the bonds are sold, and disburses the proceeds when they are appropriated). As previously noted, the replacement of the underground gasoline tank will be funded 100 percent by FEMA funds.

3. Mr. Ashur Yoseph of DPW reports that a contractor has not yet been selected for the gasoline tank replacement or the proposed diesel tank replacement project. Therefore, the proposed \$63,500 which would be used for construction and \$6,350 for contingency, or a total of \$69,850 for the diesel tank replacement, should be reserved, pending the selection of a contractor and the MBE/WBE status of the contractor.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reserve \$69,850 for the construction contract and contingency for the diesel tank replacement project,

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 20, 1994

pending the selection of a contractor and the MBE/WBE status of the contractor.

2. Approve the proposed ordinance, as amended.

Item 4 - File 101-94-6

Department: San Francisco Fire Department

Item: Ordinance appropriating \$2,490,000 in accrued interest from the 1986 Fire Protection System Improvement Bond fund to a capital improvement project, the extension of the Auxiliary Water Supply System (AWSS), for fiscal year 1994-95.

Amount : \$2,490,000

Source of Funds: 1986 Fire Protection System Improvement Bonds

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs and cisterns, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

In 1987, the City sold \$31 million of the \$46.2 million bonds approved by the voters and sold the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. In April 1991, the Board of Supervisors appropriated the \$15.2 million proceeds from the second sale of bonds. At April 30, 1994, there was a balance of approximately \$10.96 million in accrued interest earned on the 1987 and 1991 Bond proceeds (the City invests bond proceeds when the bonds are sold, and disburses the proceeds as they are appropriated).

The Fire Department proposes to appropriate \$2.49 million of the accrued interest on the bonds for the extension of an AWSS pipeline on Ocean Avenue from Phelan Avenue to Mission Street and Norton Street. When the proposed project is completed, the AWSS in the southeast side of the City will be directly connected to the west side of the City (the Sunset district). This proposed project was included in the bond program report approved by the voters.

The Bureau of Engineering (BOE), Department of Public Works (DPW) will complete the design work for this project on an in-house basis, and an outside consultant under contract with the Bureau of Construction Management (BCM), DPW will perform the archeological monitoring. BCM usually has consultants under contract on an as-needed basis, and the consultant under contract at the time the monitoring work is needed will be given the work. BCM,

DPW will also perform the construction management for the proposed project.

Budget: The budget for the proposed extension of the AWSS is as follows:

Construction	\$1,900,000
Contingency (10%)	190,000
BOE Design Work (1,452 hrs x \$55.10/hr avg. rate)	80,000
Archeological Monitoring (300 hrs x \$66.67/hr. avg. rate)	20,000
BCM Construction Management	<u>300,000</u>
TOTAL	\$2,490,000

Comment: According to Mr. Robert Jew of DPW, the design work on this project has commenced. DPW anticipates that the construction contract will go to bid by October 1994, and construction will commence in early 1995. Since a contractor has not yet been chosen, the proposed \$1,900,000 for the construction contract and \$190,000 for contingency, or a total of \$2,090,000, should be reserved pending the selection of a contractor and the MBE/WBE status of the contractor.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reserve \$2,090,000 for the AWSS pipeline project (\$1,900,000 for construction and \$190,000 for contingency), pending the selection of a contractor and the MBE/WBE status of the contractor.

2. Approve the proposed ordinance, as amended.

Item 5 - File 97-94-42

Item: Ordinance amending the City's Administrative Code by adding Section 10.117-112 to establish a Supportive Housing Service Fund to provide financial assistance to owners of affordable housing developments to provide necessary supportive services to the residents of the developments.

Description: The proposed ordinance states that housing linked with services ("supportive" or "service-enriched" housing) has become widely recognized as an ideal model for addressing the problem of homelessness. This model contends that low-income people often have multiple unmet needs, including a need for both safe affordable housing and readily available support services to effectively stabilize their lives. According to the ordinance, the requirements for integrated service programs and local matching funds demand timely access and coordinated support from a single City source, which has previously been unavailable.

To address the above concerns, this ordinance would establish a Supportive Housing Service Fund to provide financial assistance to the owners of for-profit and nonprofit affordable housing developments to provide necessary supportive services to the residents of these affordable housing developments. The ordinance states that any monies, grants, gifts or bequests from private or public sources for this purpose would be deposited into this Fund.

The Fund would be used to provide financial assistance for the following supportive housing services: mental health services, services for people with HIV/AIDS, services for seniors, social work/case management services, substance abuse services, vocational services, child care, and community development services (such as establishing tenant councils or facilitating peer support groups). The services would be required to be for the direct benefit of and to be easily accessible to residents of low and moderate income housing developments.

The Executive Director of the Mayor's Office of Housing, or his or her designee, would be responsible for the administration of the Fund and would have all such authority as may be reasonably necessary to carry out those responsibilities. The Executive Director would promulgate appropriate rules and regulations in consultation with the affordable housing organizations that compose the Council of Community Housing, or similar organization, and any other appropriate agencies or organizations with which the Executive Director may choose to consult.

Such rules and regulations would include the qualifications of applicants and factors to be considered in the award of grants to fund supportive housing services. The rules and regulations would be designed to ensure that although the highest priority use would be established for supportive services at proposed new affordable housing developments, monies from this Fund could also be expended for supportive services at existing housing developments. The rules and regulations would be subject to a public hearing and approved by resolution of the Board of Supervisors.

The ordinance would set up a Supportive Housing Services Fund Committee that would consist of those officials currently serving as members of the Affordable Housing Loan Committee (the Executive Director of the Redevelopment Agency, the Director of the Mayor's Office of Housing and the Mayor's Homeless Coordinator), a representative from the Department of Social Services and a representative from the Department of Public Health who shall be appointed by the respective department head in consultation with the Mayor.

The Supportive Housing Services Fund Committee would have the following responsibilities: prepare and distribute announcements and requests for grant proposals to providers of affordable housing and supportive services, and others who may be interested, to review and evaluate all proposals and requests of housing providers eligible to receive monies under this program, to recommend appropriate action to the Mayor on all proposals and requests for funding, to monitor the implementation of the proposals approved for funding under this program, and to submit a semi-annual report to the Budget Committee of the Board of Supervisors setting forth an accounting of the amounts disbursed.

Comments:

1. According to Mr. Marc Trotz of the Mayor's Office of Housing, the fiscal impact of the ordinance to the City would be the staff time of the Mayor's Office of Housing required to administer the Fund with an estimated value of \$10,000 to \$15,000.
2. Mr. Trotz states that current City funds appropriated for supportive housing services would not be deposited into the Supportive Housing Services Fund because the majority of these monies are already earmarked for specific programs and therefore could not go into a general pool such as the Supportive Housing Services Fund. Mr. Trotz advises that only a small portion of the funds spent on supportive housing are from private sources.

3. The Budget Committee might want to consider having the rules and regulations developed in consultation with the Supportive Housing Services Fund Committee since the Supportive Housing Services Fund Committee would participate in almost all other aspects of the operation of the Fund.

4. The Budget Analyst recommends that expenditures of the Fund be subject to appropriation by the Board of Supervisors.

Recommendations: 1. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

2. Should the Board of Supervisors decide to approve the proposed ordinance, amend the proposed ordinance as follows:

a) If the Budget Committee decides to have rules and regulations developed in consultation with the Supportive Housing Services Fund Committee, amend the proposed ordinance to stipulate that the Supportive Housing Service Fund's rules and regulations would be developed in consultation with the Committee.

b) Amend the proposed ordinance to require that expenditures of Fund monies be subject to appropriation of the Board of Supervisors.

Item 6 - File 115-94-7

Departments: Chief Administrative Officer
Trial Courts
City Planning

Item: Ordinance authorizing an exception for the Courthouse Construction Project to requirements set forth in City Planning Code Sections 351, 352, 356 and 358 regarding fees for the Department of City Planning

Description: The Chief Administrative Officer and the Trial Courts are requesting that the Board of Supervisors approve this proposed ordinance to limit Planning Department permit fees. The Planning Department does not agree with this request of the CAO and the Trial Courts. Specifically, the proposed ordinance would require the Planning Department to base all of its permit fees for the Courthouse Construction Project on time and materials, instead of on the legislative formulas established in Planning Code Sections 351, 352, 356 and 358. Approval of this proposed ordinance would have the effect of reducing permit fees from an estimated \$153,875 to a maximum of \$50,000, a decrease of \$103,875, or 67.5 percent. Approval of the proposed ordinance would reduce costs for the Courthouse Construction Project, but would also reduce revenue for the Planning Department, a General Fund department.

The Chief Administrative Officer and the Trial Courts are currently planning for the construction of a new County Courthouse building at the corner of Polk and McAllister Streets. Demolition of the existing structures at the construction site is schedule to begin August 1, 1994, excavation is scheduled to begin October 1, 1994, and construction of the new County Courthouse is scheduled to begin March 1, 1995. The Chief Administrative Officer and a Courthouse Construction Committee, which includes representatives from the Trial Courts, are coordinating construction of the Courthouse.

Construction of the Courthouse is funded by the Courthouse Construction Fund, which consists of surcharges on civil and probate filing fees, parking fines, and criminal fines. The balance of the fund as of July 1, 1994, is \$10,544,793. The Budget Committee approved a supplemental appropriation request (File 101-93-118) at its July 13, 1994 meeting which, if approved by the full Board of Supervisors, would reduce the balance of the fund to \$832,335.

The Planning Department must take certain actions in order for the construction of the Courthouse to take place. Each of these actions has a certain permit fee associated with it, which would be paid from the Courthouse Construction Fund. The permit fees are established in accordance with City Planning Code Sections 351, 352, 356, and 358. The actions that the Planning Department must take, and the permit fees which the Planning Department proposes to charge, are as follows:

City Planning Fees and Services

Parking Variance Permit Fee	\$129,421
Rezoning, Master Plan, & Landmarks Review Fee	19,454
Certificate of Appropriateness Fee	<u>5,000</u>
Total City Planning Fees and Services	\$153,875

Rezoning, Master Plan, Landmarks Review, and Certificate of Appropriateness fees are established on a cost recovery basis, including time and materials, but variance fees are established based on a percentage of construction costs, in accordance with Sections 351, 352, 356 and 358 of the City Planning Code.

The Courthouse Construction Project will require a parking variance permit, because the Courthouse will not include as many parking spaces as are required by the Planning Code. (The Planning Code requires 483 parking spaces, while the new Courthouse will have only 32 secured (not open to the public) parking spaces.) The Department of City Planning estimates that the costs for time and materials to issue the parking variance permit will be \$9,087, based on 129 hours at an average cost per hour of \$70.44, including salary and benefits costs, materials and supplies and overhead. The fee for the parking variance permit, based on a percentage of construction costs, in accordance with the Planning Code, would be \$129,421, based on a legislative formula that has been reviewed by the Budget Analyst. (Total construction costs are estimated to be approximately \$41.5 million; \$129,421 is equal to approximately .3 percent of \$41.5 million.) Thus, the actual cost of issuing a parking variance permit, at \$9,087, would be \$120,334 less than the amount proposed to be charged by the Planning Department for this permit.

The proposed ordinance, as requested by the Trial Courts and the CAO, would limit the amount of fees charged by the Planning Department for variance and permit fees to the actual costs incurred by the Planning Department in issuing permits. Based on a cost for Rezoning, Master Plan, and

Landmarks Review of \$19,454, a cost for the Certificates of Appropriateness of \$5,000, and a cost for a Parking Variance Permit of \$9,087, the total actual costs are estimated to be \$33,541. However, the Trial Courts and the CAO have agreed to pay fees in the amount of \$50,000, or \$16,459 more than the estimated actual costs, to allow for overhead and unanticipated cost overruns.

Comments:

1. On June 23, 1994, the City Planning Commission approved a resolution disapproving the CAO's and Trial Courts' requested fee reduction for Planning Department review of the Courthouse Construction Project (City Planning Commission Resolution No. 13715). According to Mr. Lucian Blazej of the Planning Department, the Planning Department operates under a policy to achieve overall full cost recovery for all permit processing activities, not just for individual projects. The Planning Department's fee schedule is based on the Department receiving revenues from variance fees calculated based on a legislative formula involving a percent of construction costs, in accordance with an ordinance, previously approved by the Board of Supervisors, that sets forth and establishes its fees.

2. According to Mr. David Prowler of the Office of the Chief Administrative Officer, the intent of basing variance fees on a percent of construction costs was that large private construction projects, such as high-rise office or apartment buildings, would partially subsidize small private construction projects, such as home builders. Mr. Prowler advises that the Planning Code did not intend for public sector construction projects, such as the Courthouse Construction Project, to subsidize small private construction projects. According to Mr. Blazej, the Planning Code does not discriminate between public and private projects.

3. Mr. Alan Carlson, Chief Executive Officer of the Trial Courts, advises that the Courthouse Construction Fund was established to support the cost of building a new Courthouse, and not to support Planning Department costs. Courthouse Construction Funds should only reimburse the Planning Department for actual costs incurred as a result of the Courthouse Construction Project, Mr. Carlson advises.

4. The CAO's Office and the Trial Courts advise that there is a precedence for limiting Planning Department permit fees for City construction projects, since the Board of Supervisors previously approved an ordinance limiting variance and permit fees for construction of the new Main Library. However, according to Mr. Blazej, the Planning Department was opposed

to that ordinance limiting the variance and permit fees for construction of the new Main Library. Further, that year, Mr. Blazej advises, the Planning Department was able to meet its budgeted revenues despite the reduction in Main Library permit fees. This year, according to Mr. Blazej, the Planning Department anticipates that it would have difficulty reaching its revenue goals if this requested fee reduction of \$103,875 is granted to the Trial Courts.

5. As noted above, approval of the proposed ordinance would reduce costs for the Courthouse Construction Project, which is funded from the Courthouse Construction Fund, but would also reduce revenue for the Planning Department, a General Fund department.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 7 - File 30-94-18

1. This item is a resolution to fix patient day rates for services furnished by City and County health care institutions.

2. The proposed resolution would fix patient day rates for Fiscal Year 1994-95 for services provided by City and County health institutions and health care facilities and would rescind Resolution No. 458-93 (File 30-93-10) which established the prior rate schedule for Fiscal Year 1993-94. The proposed rates apply only to private payors (patients who pay their own medical bills) and third party payors (private insurance companies). Medi-Cal, Medicare and other State and Federal subventions are excluded from this rate structure.

3. The attached tables provide the current and proposed patient day rates for services provided by San Francisco General Hospital (SFGH), Laguna Honda Hospital (LHH), Community Public Health Services (CPHS), Community Mental Health Services (CMHS) and Community Substance Abuse Services (CSAS). The Department of Public Health (DPH) reports that the revised fee structure is based on a variety of factors, including 1) generally prevailing rates charged by medical facilities in the Bay Area for similar inpatient and outpatient services, 2) reimbursement analysis and 3) the Consumer Price Index.

Comments

1. The City receives approximately three percent of its total revenues from private individuals or third party payors. The DPH proposed Fiscal Year 1994-95 budget includes approximately \$41 million in patient revenues and third party payers. The \$41 million included in the DPH Fiscal Year 1994-95 budget for private payors and third party payors is based on approval of the proposed increases in patient day rates for Fiscal Year 1994-95.

2. Schedules of rates for laboratory services and certain other hospital services are not shown in the proposed resolution because SFGH and LHH have hundreds of prices for various lab and special services. The rates for these services are charged from a special price list and may change during the fiscal year based on cost accounting studies at the hospitals.

3. As noted in the Attachment, there is no increase in rates at Laguna Honda Hospital or in CSAS services. The DPH advises that there is no increase in rates for these services because per unit costs for these services have not increased.

4. Also as noted in the Attachment, CMHS rates have been changed to reflect the new unit categories prescribed by the State on which reimbursements are audited and paid. For example, outpatient services, which previously had separate rates for Collateral, Assessment, Individual Sessions and Group Sessions, now have a single hourly billing rate for Mental Health Services. Mr. Larry Doyle of CMHS advises that such changes in the billing categories are needed to minimize the loss of revenues due to audit exceptions. He further reports that the changes in billing categories are expected to have minimal effect on CMHS patient revenues.

5. Rates for ambulance services have been increased by approximately 6.3% and are expected to result in increased revenues of approximately \$200,000.

6. The proposed legislation fixes patient day rates for SFGH, LHH, CPHS, CSAS and CMHS effective July 1, 1994. Ambulance Service rates would be retroactive to April 1, 1994.

7. As previously noted, the estimated revenues in the fiscal year 1994-95 budget for patient revenues and third party payers are based on approval of the proposed increases in patient day rates which are the subject of this resolution.

Recommendations

Approve the proposed resolution.

	<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
<u>SAN FRANCISCO GENERAL HOSPITAL</u>				
Medical Surgical	Day	\$ 740	\$ 925	25.0
Intensive Care	Day	2,188	2,188	None
Coronary Care	Day	2,081	2,081	None
Chest-Pulmonary	Day	2,117	2,117	None
Stepdown Units	Day	1,427	1,427	None
Pediatrics	Day	847	925	9.2
Obstetrics	Day	677	925	36.6
Nursery				
Well Baby	Day	530	562	6.0
Observation	Day	706	925	31.0
Semi-Intensive Care	Day	1,270	1,270	None
Intensive Care	Day	1,834	1,834	None
Labor/Delivery	Day	677	925	36.6
	Hour	53	53	None
Psychiatric Inpatient	Day	811	960	18.4
Psychiatric Forensic Inpatient	Day	811	960	18.4
AIDS Unit - 5-A	Day	811	925	14.1
Security Unit - 7D	Day	740	925	25.0
<u>Surgical Services</u>				
Minor Surgery Pre-Op				
Holding Room	Room	119	119	None
Minor Surgery I				
(Come & Go)	1/4 Hour	170	170	None
	1/2 Hour	338	338	None
	3/4 Hour	508	508	None
	1 Hour	677	677	None
	Add'l 1/4 Hour	170	170	None
Minor Surgery II				
	1 Hour	734	734	None
	Add'l 1/2 Hour	366	366	None
Major Surgery Pre-Op				
Holding Room	Room	119	119	None

	<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
Major Surgery 1	1 Hour	\$1,094	\$1,094	None
	Add'l 1/2 Hour	382	382	None
Major Surgery II	1 Hour	1,235	1,235	None
	Add'l 1/2 Hour	394	394	None
Major Surgery III	1 Hour	1,375	1,375	None
	Add'l 1/2 Hour	508	508	None
Extraordinary Surgery	1 Hour	1,552	1,552	None
	Add'l 1/2 Hour	564	564	None
Surgery 2 Teams	Procedure	2,150	2,150	None
	Add'l 1/2 Hour	723	723	None
Surgery 3 Teams	Procedure	2,789	2,789	None
	Add'l 1/2 Hour	938	938	None
Recovery Room	1 Hour	423	423	None
	2nd Add'l 1 Hour	101	101	None
	3rd Add'l 1 Hour	63	63	None
Anesthesia	1/2 Hour	336	336	None
	Add'l minute	11	11	None
Argon Laser Treatment	Procedure	1,109	1,109	None
Therapeutic abortion	Procedure	190	190	None
Emergency Clinic				
Level 1	Room	70	70	None
Level 2	Room	95	95	None
Level 3	Room	120	120	None
Level 4	Room	222	222	None
Level 5	Room	507	507	None
Level 6	Room	1,204	1,204	None
Non-Critical Observation	0-2 Hours	70	70	None
	2-4 Hours	203	203	None
	4-6 Hours	349	349	None
Critical Observation	0-2- Hours	203	203	None
	2-4 Hours	406	406	None
	4-6 Hours	602	602	None
Resuscitation		1,204	1,204	None

	<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
<u>General Clinic</u>				
Initial Patient Visit				
Brief Examination	Visit	\$67	\$67	None
Initial Intermediate	Visit	113	113	None
Initial Comprehensive	Visit	235	235	None
Established Patient				
Brief Examination	Visit	44	44	None
Intermediate	Visit	67	67	None
Comprehensive	Visit	158	158	None
Use of Examination Room	Room	32	32	None

<u>Ambulance Billing</u>				
Advance Life Support	Response	518.58	551.00	6.3
Per Mile	Mile	10.89	11.60	6.5
Night Call	Call	61.71	65.60	6.3
Emergency	Call	67.76	72.00	6.3
Basic Life Call	Response	288.10	306.10	6.2
Per Mile	Mile	10.89	11.60	6.5
Night Call	Call	61.71	65.60	6.3
Oxygen	Unit	52.03	55.30	6.3
Cardiac Monitor	Unit	61.08	64.90	6.3
Non-Transport Response	Unit	67.76	72.00	6.3
Supplies & Drugs	Unit	Special List Price		

LAGUNA HONDA HOSPITAL

Regular Hospital Rates

Acute	Day	850	850	None
Rehabilitation	Day	850	850	None
Skilled Nursing Facility	Day	250	250	None
All-Inclusive Rates				
Acute	Per Diem	1,075	1,075	None
Rehabilitation	Per Diem	1,075	1,075	None
Skilled Nursing Facility	Per Diem	270	270	None

	<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
<u>COMMUNITY MENTAL HEALTH SERVICES (CMHS)</u>				
<u>24-Hour Service</u>				
Emergency Crisis	24 Hours	\$1,200.00	N/A	
Hospital inpatient	24 Hours	850.00	\$850.00	None
Adult Crisis Residential	24 Hours	N/A	250.00	
Adult Residential	24 Hours	N/A	125.00	
<u>Day Services</u>				
Rehabilitative	Full Day	110.00	110.00	None
Intensive	Full Day	190.00	190.00	None
Intensive (children)	Half Day	N/A	200.00	
Crisis Stabilization	4 Hours	N/A	350.00	
<u>Outpatient Services</u>				
Case Management	1/4 Hour	35.00	N/A	
Case Management	Hour	N/A	90.00	
Mental Health Services	Hour	N/A	250.00	
Collateral	Per Occurance	115.00	N/A	
Assessment	Per Occurance	235.00	N/A	
Individual	Per Session	150.00	N/A	
Group	Per Session	100.00	N/A	
Medication Support	Half Hour	150.00	140.00	(6.7)
Crisis Intervention	Hour	325.00	375.00	15.4
<u>COMMUNITY SUBSTANCE ABUSE SERVICES (CSAS)</u>				
Residential - Detoxification	24 Hours	70	70	None
Residential Care	24 Hours	80	80	None
Recovery Home	24 Hours	70	70	None
Therapeutic Community	24 Hours	70	70	None
Outpatient (includes detoxification)	Per Contact	108	108	None
Methadone Treatment	1 Hour	26	26	None
Prevention/intervention	1 Hour	25	25	None
Day Care - Habilitative	Per Contact	108	108	None

	<u>Unit</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
<u>PUBLIC HEALTH</u>				
New Patient - Adult				
Comprehensive Exam	Visit	\$134	\$134	None
Intermediate Exam	Visit	80	80	None
Limited Exam	Visit	58	58	None
Brief Exam	Visit	45	45	None
Established Patient - Adult				
Comprehensive Exam	Visit	99	99	None
Intermediate Exam	Visit	50	50	None
Extended Exam	Visit	66	66	None
Limited Exam	Visit	39	39	None
Brief Exam	Visit	27	27	None

Item 8 - File 82-94-4

Department: Real Estate Department
Airports Commission

Item: Resolution authorizing the acquisition of 3,536 noise easements including 871 noise easements in the City of Daly City, 222 noise easements in the City of Pacifica, 750 noise easements in the City of San Bruno, and 1,693 noise easements in the City of South San Francisco as part of the Airport Master Plan's Memorandum of Understanding between the Airport and its neighboring communities.

Amount: Up to \$120,000,000

Description: The San Francisco International Airport's Home Insulation Master Plan Mitigation Program consists of insulating private residences and schools in the City of Daly City, the City of Pacifica, the City of San Bruno, the City of South San Francisco, and other cities that are located near the San Francisco Airport. These Cities have signed the 1992 Airport's Master Plan Memorandum of Understanding (MOU) which implements the noise mitigation element of the Airport's Master Plan.

The Airport's Home Insulation Master Plan Mitigation Program consists of two parts: (1) The Airport provides Cities that have signed the MOU with funds to insulate private residences and schools. (2) The Airport acquires easements which gives them the authority to make noise in Cities that have signed the MOU as defined by these easements.

The Airport has committed up to \$120,000,000 through the year 2000 to provide Cities that have signed the MOU with funds to insulate private residences and schools from Airport noise. Each year the Cities that receive Airport funds through the Airport's Home Insulation Master Plan Mitigation Program will apply to the Federal Aviation Administration's (FAA) Home Insulation Funding Program in order to reimburse the Airport for 80 percent of the cost of insulation. Thus, the Airport's net cost of insulating private residences and schools in the Cities that have signed the MOU is the 20 percent that is not reimbursed by the Cities from FAA monies that the Cities receive. The actual cost of these easements is unknown until the Cities request the funds for insulation from the Airport's Home Insulation Master Plan Mitigation Program.

BOARD OF SUPERVISORS
BUDGET ANALYST

This proposed resolution authorizes 3,536 easements that would remain in effect for 20 years. The easements would be under the jurisdiction of the Airport Commission.

Comments:

1. The City Attorney's Office has previously reported that the purchase of noise easements enables the City to comply with State legal requirements and should result in eliminating costs to defend against noise-related small claims lawsuits.
2. The Airport will be reimbursed for 80 percent of the cost of insulation by the Cities on a yearly basis with monies that the Cities receive from the FAA's Home Insulation Funding Program. Mr. Martin also states that the Airport is currently working on a Letter of Intent to the FAA to apply for federal discretionary funding under the FAA's Airport Improvement Program for the remaining 20 percent net cost of providing insulation to these Cities. If the Airport receives funding from the FAA's Airport Improvement Program for the remaining 20 percent net cost of providing insulation, the Airport will recover 100 percent of the cost of providing insulation to Cities through the Airport's Home Insulation Master Plan Mitigation Program.
3. According to Mr. John Martin of the Airport, the Airport has previously submitted resolutions to the Board of Supervisors authorizing the acquisition of easements after the exact cost of the easements were known because the Cities involved in the Airport's Home Insulation Mitigation Program paid for the easements in advance and then requested money from the Airport for reimbursement. Under the Airport Master Plan's MOU between the Airport and its neighboring communities, the Airport has agreed to increase the size of its Home Insulation Mitigation Program and given this increased size, the Airport has agreed to advance Cities the money to pay for home insulation. Mr. Martin reports that the Airport expects to receive requests from Cities that have signed the MOU for up to 10,568 easements by the year 2000, including the 3,536 easements currently being proposed. The Airport estimates that the average cost of each easement to be approximately \$11,350 and will pay for these easements from the \$120,000,000 until FY 2000-01. As previously stated, Mr. Martin expects that the Airport will be reimbursed by the Cities with FAA funds on a yearly basis for 80 percent of the cost of insulation. Additionally as noted above, the Airport's share, which is the remaining 20 percent net cost could also be recovered by the Airport from federal discretionary funding under the FAA's Airport Improvement Program.

4. According to Mr. Martin, the funding for this program will come from the \$2.4 Billion in Airport Master Plan Revenue Bonds, approved by the Board of Supervisors in 1993. The \$120,000,000 is currently appropriated in an Airport Capital Project account. The Airport will submit separate subsequent legislation for approval by the Board of Supervisors for the 7,032 remaining easements that will be funded from the \$120,000,000.

Recommendation: Approve the proposed resolution.

Memo to Budget Committee
July 20, 1994

Item 9 - File 84-94-3

Department: Recreation and Park Department
Real Estate Department

Item: Resolution authorizing acquisition of real property identified as Assessor's Block 3639, Lots 5 and 5A at 23rd and Treat Streets for open space purposes (Mission District Park) and adopting findings pursuant to City Planning Code Section 101.1.

Location: Lots 5 and 5A are located in Assessor's Block 3639 at 23rd and Treat Streets.

Amount: \$1,075,000, plus closing costs not to exceed \$15,000

Funding Source: Open Space Program Fund

Description: Under the provisions of Section 6.413 of the Charter, an annual tax of 2.5 cents per hundred dollars of assessed property valuation was imposed for the Open Space Fund for a period of fifteen years beginning in 1974. The San Francisco voters in November 1988 approved Proposition E which extended the Open Space Fund for an additional 15 years to be supported by the 2.5 cent property tax rate. Not more than 40% of the Fund would be used for maintenance of properties acquired between 1974 and June 30, 1991. The remaining money in the Fund would be spent as follows: (1) at least 40% for acquiring and developing property, (2) at least 15% for renovation, (3) up to 25% for maintaining property acquired after June 30, 1991 for recreation programs other than after-school recreation, and for administration, and (4) 20% for after-school recreation programs.

The owners of Lots 5 and 5A, Embarcadero Mortgage Fund II et. al., and the Director of Property have entered into a Memorandum of Understanding (MOU) in order for the City to purchase Lots 5 and 5A at the purchase price of \$1,075,000. The sellers will be responsible for investigating and remediating any hazardous materials and will deliver the site to the City free of all toxics and hazardous materials at no cost to the City.

According to Mr. Phil Arnold of the Recreation and Park Department, Lots 5 and 5A, totalling 24,500 square feet, would be used for a park and a playground. Mr. Arnold reports that the design process for the proposed park and playground would begin when the Board of Supervisors approves the proposed resolution.

Comments:

1. According to Mr. Harry Quinn of the Real Estate Department, the MOU is a temporary agreement that will be replaced by a formal Purchase and Sale Agreement within 60 days after further testing for hazardous materials is performed.

2. Mr. Quinn indicates that the purchase price of \$1,075,000 for Lots 5 and 5A has been determined to represent fair market value.

3. Mr. Arnold reports that the property would be purchased entirely from monies currently available in the Open Space Program Fund. Mr. Arnold states that the development costs for the proposed property estimated at \$500,000, and the maintenance costs, would be funded through the Open Space Program Fund.

4. According to Mr. John Kearney of the Assessor's Office, the assessed valuation of the property to be acquired is \$2,322,982. Based on the 1993-94 fiscal year tax rate of \$1.15 per \$100 of assessed valuation, the taxes paid to the General Fund on the property are approximately \$26,714. Once the City purchases the property, such property taxes would no longer be paid to the City.

5. The Department of City Planning reports that the proposed acquisition of the property is in conformity with the Open Space Element of the City's Master Plan and is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

Recommendation: Approval of Open Space Acquisitions are policy matters for the Board of Supervisors.

Item 10 - File 206-94-2

Note: This item was continued by the Budget Committee at its meeting of July 6, 1994.

1. This item is a resolution that would authorize a contribution by the City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving Payments In Lieu of Taxes (PILOT) for fiscal years, 1990-91, 1991-92 and 1992-93.

2. As stated in a cooperative agreement between the City and County of San Francisco and the San Francisco Housing Authority (SFHA) dated January 21, 1965, the SFHA public housing developments are exempted from all real and personal property taxes and special assessments collected by the local tax collector. However, in place of that exemption, the SFHA has agreed to make alternative payments referred to as "payments in-lieu of taxes" (PILOT) annually which equal 10 percent of the total rents charge to SFHA public housing development tenants during the fiscal year.

3. As provided for in the Housing Act of 1937, municipal government can require local housing authorities to render a PILOT in order to allow compensation to local governments for general municipal services that benefit public housing residents such as police, fire, recreation and health services.

4. Prior to Fiscal Year 1982-83, the SFHA paid its PILOT obligations when funds were available. Between 1983-84 and 1989-90 the Board of Supervisors, at the request of the Mayor, waived the SFHA annual PILOT obligation due to financial difficulties claimed by the SFHA and reviewed by the Budget Analyst. The amount of PILOT payments waived during this seven year period totaled approximately \$4.2 million.

5. In May of 1990, the SFHA again requested, through the Office of the Mayor, that the Board of Supervisors waive its PILOT for 1990-91. However, this request was not forwarded to the Board of Supervisors for approval. Although the Board of Supervisors did not approve the waiver for 1990-91, the SFHA did not budget the needed amount for the anticipated PILOT payment in their annual budget for operating funds with the U. S. Department of Housing and Urban Development (HUD). Such funds were not needed in previous years because the PILOT obligation had been waived by the Board of Supervisors.

6. For the next three years 1991-92 through 1993-94, the Board of Supervisors did not waive the PILOT and the SFHA did not budget the estimated cost of the PILOT obligation in their annual HUD program budgets. In total, the four most recent annual HUD funding requests did not budget PILOT funds even though no waiver of the PILOT obligation had been approved by the Board of Supervisors for those four years.

7. The SFHA did subsequently request the Mayor on February 2, 1993 to seek Board of Supervisors approval to waive the PILOT for 1991-92 after that

budgeted year had already been completed. In that request, the SFHA did not refer to the fact that the previous SFHA request to waive the PILOT for 1990-91 was still pending.

8. On November 12, 1993 the SFHA advised the Budget Analyst that their request for a waiver of the 1992-93 PILOT had not yet been submitted because the actual PILOT computation could not be completed until after the end of the SFHA's fiscal year on September 30, 1993. On February 14, 1994 the SFHA submitted a request for that waiver totaling \$613,932, but again did not refer to the fact that two previous SFHA requests for waivers were still pending.

Comments

1. The Budget Analyst completed a management audit of the San Francisco Housing Authority in November 1993. Included in that audit is a recommendation that the SFHA immediately pay its prior PILOT obligations that have accumulated over the past three years and which are owed to the General Fund and to other Funds and Jurisdictions including the Open Space Acquisition Fund, Children's Fund, County Superintendent of Schools, the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District. Those amounts are currently estimated to be:

<u>Fiscal Year</u>	<u>City's General Fund</u>	<u>Other Funds and Jurisdictions</u>	<u>Total Payment</u>
1990-91	\$612,232	\$88,116	\$700,348
1991-92	538,800	77,550	616,350
1992-93	<u>529,015</u>	<u>84,917</u>	<u>613,932</u>
Totals	\$1,680,047	\$250,583	\$1,930,630

2. The \$250,583 is divided among these Other Funds and Jurisdictions as follows: Open Space Acquisition Fund - \$48,262; Children's Fund - \$7,674; County Superintendent of Schools - \$1,880; San Francisco Unified School District - \$148,643; San Francisco Community College District - \$27,887; Bay Area Air Quality Management District - \$4,025; and Bay Area Rapid Transit District - \$12,212.

3. Since the completion of the SFHA Management Audit report, the SFHA has estimated the PILOT payment for FY 1993-94 which is \$592,140. The \$592,140 is an additional amount due and owed to the City and would be distributed as follows: General Fund - \$502,835; Open Space Acquisition Fund - \$14,804; Children's Fund - \$14,804; County Superintendent of Schools - \$576; San Francisco Unified School District - \$45,588; San Francisco Community College District - \$8,553; Bay Area Air Quality Management District - \$1,235; and Bay Area Rapid Transit District - \$3,745.

4. Although the SFHA has reported an operating reserve balance of \$9.2 million as of September 30, 1992, which could be used to pay its PILOT obligation for the last several years, the SFHA advised the Budget Analyst in responding to the management audit of the Budget Analyst that "further reductions in the operating reserve balance could seriously undermine the financial stability of the SFHA" which could result in their re-designation as a "troubled" housing authority. The Budget Analyst believes such a statement is inaccurate and higher misleading.

5. The SFHA reports a current reserve balance of \$8.7 million and the 1994-95 Operating Budget would reduce that reserve by \$2.5 million from \$8.7 million to \$6.2 million. Based on the HUD procedure which calculates the operating reserve indicator for the Public Housing Management Assessment Program (PHMAP) certification, which is one of 12 performance indicators to determine if a housing authority is "standard" or "troubled", the SFHA would have a 31.2 reserve percentage and score 7 out of 10 points for that indicator. If the SFHA deducted \$1.9 for its PILOT obligation from the remaining \$6.2 million reserve leaving \$4.3 million in order to pay its PILOT for FY's 1990-91, 1991-92 and 1992-93, the SFHA would have a 21.6 reserve percentage and still score 7 out of 10 points. Under these circumstances the payment of \$1.9 million from the SFHA reserve would have no current effect on the SFHA's current PHMAP scoring for the reserve indicator.¹

6. The SFHA reserve of \$6.2 million (prior to paying the PILOT) as a percentage of their total operating expenditures of \$40,708,750 for FY 1994-95 is 15.2 percent. This is substantially higher than the City's recommended General Fund Reserve of \$10.0 million which is 0.7 percent of the City's total General Fund budget of \$1,371,888,960. In comparison the SFHA reserve percentage is 21.7 times greater. If the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million, as the result of making the \$1.9 million PILOT payment, the remaining reserve would be 10.6 percent of the SFHA's total operating expenditures. This would still be 15.1 times greater than the City's percentage of General Fund reserve to the City's total General Fund budget for FY 1994-95.

7. The SFHA further responded to the Budget Analyst's management audit report that a portion of the approximately \$1.8 million paid annually by the SFHA to the San Francisco Police Department for supplemental police services in public housing developments during the three fiscal years in question actually paid for routine services. The SFHA responds that the Police Department was supposed to have provided these services at no cost to SFHA.

8. The Chief of Police has provided a letter on this matter dated June 28, 1994 (Attachment). Chief Ribera advises that "While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively." In addition, Chief Ribera states that "This contract

¹PHMAP ratings for Operating Reserves include (1) 40% and over = 10 points, 20% to 39% = 7 points, under 20% = 0 points.

provides approximately \$1.8 million dollars annually for supplemental policing in this critical area of need: public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost."

9. The Budget Analyst continues to recommend that the SFHA should immediately pay from existing SFHA reserves its past PILOT obligations for Fiscal Years 1990-91, 1991-92, and 1992-93 for an estimated total of \$1,930,630 of which \$1,680,082 would be deposited into the General Fund and \$250,548 would be paid to other jurisdictions as identified above in Comment 1. According to its proposed HUD Low Income Operating Budget for FY 1994-95, the SFHA will reduce its overall staff by 53 administrative positions by October 1, 1994. However, the 1994-95 proposed HUD budget indicates only a \$880 reduction in salaries. The Budget Analyst has requested more information on proposed salaries but Mr. Eugene Jones of the SFHA advises that SFHA is too busy to provide such detail. Under these circumstances, and based on an average salary and benefit cost of \$48,000 per position, the SFHA could transfer \$1,908,000 (based on nine months) in administrative costs (excluding overhead) to its operating reserve or to other needed activities. The reduction of 53 administrative positions for the nine month period October 1994 - June 1995 would make up 98.8 percent of the needed PILOT payments for FY's 1990-91, 1991-92 and 1992-93 (\$1,908,000 divided by \$1,930,630).

10. On June 30, 1994, the Budget Committee submitted the City's 1994-95 budget to the full Board of Supervisors based on a final package of \$12.8 million in revenues, including a 1994-95 PILOT payment by the SFHA of \$600,000.

11. As stated above in Comment 6, even if the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million in order to pay the PILOT for FY's 1990-91, 1991-92 and 1992-93, the remaining reserve percentage would still be 15.1 times greater than the City's percentage of its General Fund Reserve to the City's total General Fund budget.

Recommendations

1. Disapprove the proposed resolution which would waive the PILOT payments totaling \$1,930,630 from SFHA of which \$1,680,047 would be paid to the City's General Fund and \$250,583 would collectively paid to the Open Space Acquisition Fund (\$48,262), the Children's Fund (\$7,674), the County Superintendent of Schools (\$1,880), the San Francisco Unified School District(\$148,643), the San Francisco Community College District (\$27,887), the Bay Area Rapid Transit District (\$4,025) and the Bay Area Air Quality Management District (\$12,212).

2. Immediately demand payment from the SFHA for the FY's 1990-91,1991-92, 1992-93 and 1993-94 PILOT payments in the estimated amount of \$2,522,770 (\$1,930,630 plus \$592,140) which is due and owed to the City and to other Funds and Jurisdictions.

Attachment

POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

ANTHONY D. RIBERA, Ph.D.
CHIEF OF POLICE

June 28, 1994

The Honorable Tom Hsieh
Board of Supervisors
City and County of San Francisco
City Hall, Room 235
San Francisco, CA 94102

Dear Supervisor Hsieh:

It has been brought to my attention that you are concerned about possible problems with the supplemental policing agreement between the Housing Authority and the San Francisco Police Department.

While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively.

This contract provides approximately 1.8 million dollars annually for supplemental policing in this critical area of need; public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost.

I am hopeful this extremely beneficial arrangement for the protection of the citizens of San Francisco will continue.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Ribera".

ANTHONY D. RIBERA
Chief of Police

LR/Es

cc: Ken Bruce

0958G/55

Item 11 - File 97-94-1.1

Note: This item was transferred to Budget Committee from the Rules Committee for Fiscal Impact.

Item: Ordinance suspending the requirements of San Francisco Administrative Code Sections 5.79 and 5.80 and any other law requiring the legal text of a measure to be printed in the voter information pamphlet, with respect to any Charter revision measure submitted at the November 8, 1994 election.

Description: The proposed ordinance would suspend existing local requirements to print the legal text of Charter revision measures submitted at the November 8, 1994 election. County Registrar of Voters Ms. Germaine Wong states that the measure would permit her office to avoid printing the text of the proposed 1994 Charter Revision, which has been submitted to the Board of Supervisors for placement on the November ballot.

Ms. Wong estimates that the text of the proposed 1994 Charter Revision would be at least 35 pages long, assuming the Registrar of Voters uses the standard page and type size for the voter information pamphlet. Ms. Wong advises that the total cost of translation, typesetting, printing and postage for 35 pages would be approximately \$2,000 per page, or a total of at least \$70,000. Ms. Wong advises that the printing cost might be reduced if a larger than normal voter information pamphlet was produced.

If the proposed ordinance is approved, the Registrar of Voters would still be required to print the legal text of all Charter Amendments that appear on the November ballot, but will provide only a summary of the proposed 1994 Charter Revision.

Comments: 1. Ms. Wong advises that, although the Ballot Simplification Committee provides 300-word summaries of typical ballot measures, she expects that the summary of the proposed 1994 Charter would be five to ten pages long.

2. Ms. Wong states that she supports the proposed ordinance, not only because of the cost savings, but also because the length of the legal text of the proposed 1994 Charter would render the voter information pamphlet so

long that voters might get discouraged from reading the pamphlet.

3. Mr. Randy Riddle of the City Attorney's Office states that he has consulted with the Secretary of State's Office, which advises that the State Elections Code does not require that the legal text of ballot measures be printed in the voter information pamphlet. Mr. Riddle does not anticipate that the City would encounter significant legal problems if the proposed ordinance is approved. However, Mr. Riddle advises that City Charter Section 9.112 states that whenever a measure is required by Charter to be submitted to the voters, the Registrar will print the measure in pamphlet form and mail it to the voters. Mr. Riddle states that State law, rather than the City Charter, requires that Charter Revisions be submitted to the voters, so Charter Section 9.112 does not require that the legal text of Charter Revisions be printed in pamphlet form and mailed to the voters.

4. Mr. Buck Delventhal of the City Attorney's Office reports that the full text of the last Charter revision proposal was printed in the voter information pamphlet for the November 4, 1980 election. The text of the proposed 1980 Charter revision was printed in the first volume of a two-volume voter information pamphlet that was mailed to the voters prior to that 1980 election.

Ms. Wong advises that the text of the proposed 1980 Charter Revision was printed in regular type size, rather than legal text size, in order to make it easier to read. However, Ms. Wong states that, if the full text of the proposed 1994 Charter Revision was printed in regular type size it would be approximately 100 pages long, rather than 35 pages long. This would cost up to \$200,000, rather than \$70,000.

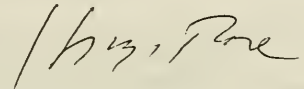
Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Memo to Budget Committee
July 20, 1994

Item 12 - File 185-94-1

This item is a hearing to consider possible irregularities in the process for allocating the Children's Fund for Fiscal Year 1994-95.

The Budget Analyst requested information from the Mayor's Office of Children, Youth and Families regarding the allocation processes of the Children's Fund (see Attachment). As of the writing of this report, the Mayor's Office of Children, Youth and Families has not provided the requested information.



Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

July 13, 1994

TO: Anthony Lincoln, Director
Mayor's Office of Children, Youth and Families

FROM: Budget Analyst

SUBJECT: Allocations of Children's Fund Monies

A hearing has been scheduled by the Budget Committee of the Board of Supervisors for the July 20, 1994 meeting to consider allocations of the Children's Fund since its inception. In this regard, in accordance with the request of the Budget Committee, please provide us with a written report by Thursday, July 14, 1994 detailing the following for Fiscal Years 1991-92, 1992-93 and 1993-94:

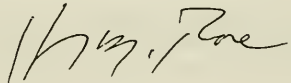
1. Name of organization or agency that received an award of Children's Fund monies.
2. Amount of Children's Fund monies awarded.
3. Period covered by award.
4. Children's Services Plan target category addressed by award.
5. Total amount of unused balance of Children's Fund monies at end of award period for each award.
6. Amount of unused balance for an organization or agency that was carried forward for use by the organization or agency to subsequent period.
7. Amount of unused balance for an organization or agency that was reallocated to other organizations or agencies.

Memo to Anthony Lincoln, Director
Mayor's Office of Children, Youth and Families
July 13, 1994
Page 2

8. Name of organizations and agencies which received reallocated monies and amounts.
9. For each original award or reallocation award, specify as to whether or not the Citizen's Allocation Committee preapproved the specific award. Be specific as to the particular organization or agency which was awarded funds.
10. Amount expended for MOCYF for administrative personnel costs. List all positions, with annual salaries and fringe benefits.
11. Amount expended for other MOCYF administrative operating costs.
12. Provide a brief explanation of the decision process whereby the Income Rights Group was not awarded monies from the Children's Fund.
13. Provide a list of the names of Citizen's Allocation Committee members.

Should there be any reason that you cannot comply with this request for information by no later than Thursday July 14, 1994, please advise me immediately so that I may contact Ms. Serata and Mr. Wunderman to arrange for an alternate means to insure that the Budget Committee is provided with the pertinent information in a timely manner.

If you have any questions please contact Merlin Zimmerly of my staff.


Harvey M. Rose

cc: Jim Wunderman
Teresa Serata

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7/27/94

111 CALENDAR ... ACTION TAKEN
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, JULY 27, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ACTING CLERK: KAY GULBENGAY

1. File 114-94-4. [Access Appeals Commission] Ordinance amending Building Code by amending Sections 215, 203(t) and 332.3 to change the name of the Handicapped Access Appeals Board to the Access Appeals Commission, provide for an official reporter and a rehearing procedure, to provide that the Access Appeals Commission hears abatement cases related to disabled access rather than the Abatement Appeals Board and to increase the Commission's compensation and filing fees. (Supervisors Kennedy, Alioto)

ACTION: Hearing held. Recommended. (Supervisors Bierman and Hsieh added as co-sponsors.)

2. File 251-94-2. Hearing to consider the Budget Analyst report on Compensatory Time off; legislation reforming the accrual of compensatory time off in various departments; record keeping; and legislation limiting compensatory time for certain positions. (Supervisor Conroy)
(Continued from 5/11/94)

ACTION: Continued to August 24, 1994 meeting at the request of sponsor.

3. File 97-94-30. [Compensatory Time Off] Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.15 thereto to centralize the record-keeping of all compensatory time off pay accruing to and used by all city employees. (Supervisor Conroy)
(Continued from 5/11/94)

ACTION: Continued to August 24, 1994 meeting at the request of sponsor.

4. File 97-94-31. [Compensatory Time Off] Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.14 thereto to restrict the availability, use and accrual of compensatory time off pay for certain city employees (annual maximum pay greater than \$90,000). (Supervisor Conroy)
(Continued from 5/11/94)

ACTION: Continued to August 24, 1994 meeting at the request of sponsor.

5. File 210-94-2. [Workers Compensation Medical Treatment Services] Resolution urging the Mayor to request that the Employee Retirement Board give due consideration, under pricing and corporate capability criteria, in evaluating any joint venture team including San Francisco General Hospital which responds to the June 1994 request for proposals to provide medical care facilities to treat industrially injured employees of the City and County of San Francisco. (Supervisor Leal)

ACTION: Hearing held. Amended on page 2 line 16 after "partnership" by replacing "should" with "shall"
Recommended as amended.

6. File 47-94-9. [Parking, Monthly Rate, 16th and Hoff Street Garage] Resolution approving a monthly parking rate of \$50.00 at the 16th and Hoff Street Garage. (Department of Parking and Traffic)

ACTION: Hearing held. Recommended.

7. File 47-94-10. [Parking/Monthly Rate/Golden Gateway Garage/for INS] Resolution approving a monthly parking rate for the Immigration and Naturalization Service vehicles at the Golden Gateway Garage. (Department of Parking and Traffic)

ACTION: Hearing held. Recommended.

8. File 101-91-40.2. [Release Reserved Funds, Airport - \$7,708,298] Hearing requesting release of reserved funds, Airport, in the amount of \$7,708,298, contractual services for infrastructure repair and maintenance work at the San Francisco International Airport. (Airport Commission)

ACTION: Hearing held. Release of 7,707,318 approved. Filed.

9. File 101-92-11.2. [Release Reserved Funds, Airport - \$51,792,700] Hearing requesting release of reserved funds, Airport, in the amount of \$51,792,700, contractual services for the Airport's Master Plan construction contracts (Parking Structure on Lot DD, Contract No. 2801), Tutor-Saliba Corporation, Contractor. (Airports Commission)

ACTION: Hearing held. Release of \$51,792,700 approved. Filed.

10. File 101-93-45.1. [Release Reserved Funds, 911 Project - Chief Administrative Officer - \$90,000] Hearing requesting release of reserved funds, Chief Administrative Officer, in the amount of \$90,000, for contractual services, to fund the services of Public Safety Consultants, Inc. for developing specifications for a Computer Aided Dispatch and Records Management System for 911 Project. (Chief Administrative Officer)

ACTION: Hearing held. Release of \$90,000 approved. Filed.

11. File 206-94-2. [Contribution to Housing Authority] Resolution authorizing contribution by City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving payments in lieu of taxes for fiscal years, 1990-91, 1991-92, and 1992-93. (Supervisor Kennedy)
(Continued from 7/20/94)

ACTION: Hearing held. Continued to August 24, 1994 meeting.

12. File 97-94-1.1. [Voter Information Pamphlet Materials] Ordinance suspending the requirements of San Francisco Administrative Code Sections 5.79 and 5.80 and any other law requiring the legal text of a measure to be printed in the voter information pamphlet, with respect to any Charter revision measure submitted at the November 8, 1994 election. (Supervisor Kaufman)
(Transferred to Budget Committee from Rules Committee due to FISCAL IMPACT; to go to Board July 25, 1994).
(Continued from 7/20/94)

ACTION: Tabled.

13. File 185-94-1. [Irregularities in Mayor's Office of Children/Youth] Hearing to consider possible irregularities in the funding process for the 1994-95 fiscal year. (Supervisor Alioto)
(Continued from 7/20/94)

ACTION: Hearing held. Continued to call of the chair.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

July 25, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: July 27, 1994 Budget Committee Meeting

Item 1 - File 114-94-4

Item: Ordinance amending the Building Code by amending Sections 215, 203(t) and 332.3 to change the name of the Handicapped Access Appeals Board to the Access Appeals Commission, provide for an official court reporter and a rehearing procedure, provide that the Access Appeals Commission hears abatement cases related to disabled access rather than the Abatement Appeals Board and to increase the Commission's compensation and filing fees.

Description: The proposed ordinance would amend Part II, Chapter I of the San Francisco Municipal Code (Building Code) by amending Section 215, entitled Establishment; Composition; Purpose; Section 203(t) entitled Abatement Appeals Board; and Section 332.3 entitled Penalties, Hearings, Code Enforcement Assessments.

Section 215 currently provides for the establishment of the Handicapped Access Appeals Board which is composed of five members. Two members must be physically disabled and be appointed by the Board of Supervisors, two members must be experienced in construction work and be appointed by the Board of Supervisors, and one member must be a member of the public at large and appointed by the Mayor.

The Handicapped Access Appeals Board hears written appeals brought by any person regarding actions taken by the Bureau of Building Inspection (BBI) pertaining to the enforcement of State Health and Safety Code requirements concerning disabled access and adaptability provisions of this Code.

The proposed ordinance would amend Section 215 of the Building Code as follows: 1) The name of the Handicapped Access Appeals Board would be changed to Access Appeals Commission (Commission). Compensation of the five members would increase from \$50 per meeting attended to \$125 per meeting attended, or an increase of \$75 per meeting attended; 2) Subsection (c) would be amended to clarify the Commission's jurisdiction to review all actions taken by the BBI in enforcing disabled access laws by providing that orders to abate access violations are heard by the Access Appeals Commission and not the current Handicapped Access Appeals Board; 3) a new subsection (e) would be added to provide for an official court reporter to record the Commission's proceedings; and 4) a new subsection (f) would be added to authorize the Commission to rehear a matter after a decision has been made upon request by an appellant and vote of the Commission.

Section 203(t) provides for an Abatement Appeals Board consisting of five members who are trained and experienced to preside upon matters pertaining to housing, building and construction. Members of the Abatement Appeals Board are appointed by the Chief Administrative Officer (CAO). None of the Abatement Appeals Board members are to be governmental employees. The Abatement Appeals Board has the power to hear and decide appeals for issues other than disabled access.

The proposed ordinance would amend Section 203(t) by stating that the jurisdiction to review actions taken by the BBI in enforcing disabled access laws is with the Access Appeals Commission and not the Abatement Appeals Board.

The proposed ordinance would amend Section 332.3 to increase the fee for filing an appeal by \$199.05, from \$150.95 to \$350. Additionally, a new filing fee of \$100 would be imposed for requests that the Commission rehear a matter that has previously been decided.

Comments:

1. Mr. Neil Rains of the BBI reports that the proposed Access Appeals Commission, to be comprised of five members, would meet from one to two times per month depending upon the number of pending cases or other needs of the Commission. According to Mr. Rains, the Handicapped Access Appeals

Board currently meets an average of once a month, or 12 times per year. Under the proposed resolution, if the five members meet 18 times per year as anticipated by Mr. Rains, the total annual cost would be \$11,250 (\$125 per member x 5 members x 18 meetings), or \$8,250 more than the current annual cost of \$3,000 (\$50 per member x 5 members x 12 meetings).

2. Mr. Rains advises that the increase in compensation from \$50 per meeting attended to \$125 per meeting attended was requested by the members themselves due to the increasing complexity of disability access regulations that now encompass certain building design guidelines from the Americans with Disabilities Act. This increased complexity requires the members to spend more time visiting locations of the basis of the appeals in order to be more knowledgeable of the details of cases that come before the Commission. According to Mr. Rains, the members' compensation is partially funded through revenues from appeal filing fees and partially from other BBI revenue sources.

3. Mr. Rains reports that all fees collected pursuant to Section 332.3 are deposited into a special Building Inspection Fund. Monies from this special fund are used by the BBI, subject to the approval of the Director of Public Works and the Chief Administrative Officer (CAO), to defray the costs incurred for the compensation of the Commission members (see Comments #1 and #2 above), supplies, and equipment in hearing and deciding appeals. The proposed amendment to Section 332.3 to increase the fee for filing an appeal from \$150.95 to \$350 would therefore partially offset the total cost of funding the Access Appeals Commission. The proposed fee increases would generate an estimated \$38,900 annually (see Comment #4 below) or \$30,760 less than the total estimated annual cost of \$69,660 to fund the Access Appeals Commission, including the estimated annual cost of \$11,250 noted above to fund the proposed new compensation to Commission members. While the estimated annual filing fee revenue would not fully recover the cost of operating and staffing the proposed Commission, including all of the permit fees generated by the BBI, the budget of the BBI would continue to be fully self-sustaining.

The proposed increase in the filing fee to \$350 and the new \$100 rehearing fee, according to Mr. Rains, would bring the fee more in line with filing fees charged by the Board of Permit Appeals. The current amounts of the Board of Permit Appeals filing fees that are comparable to the subject Access Appeals Board filing fees are as follows:

Variance, other Zoning Administrator, Planning Director or City Planning Commission action	\$400
Residential Hotel or Apartment Conversion	350
Request For Rehearing	100

4. According to Mr. Rains, the total estimated annual revenues from the existing \$150.95 appeal filing fee is \$16,303 (approximately 108 cases annually @ \$150.95 per case). The projected amount of annual revenue from the proposed filing fee of \$350 is estimated to be approximately \$37,800 (approximately 108 cases annually @ \$350 per case). Finally, Mr. Rains advises that the amount of annual revenue from the proposed new \$100 fee for rehearing a matter is estimated to be \$1,100 (an estimated 11 annual rehearing requests @ \$100 per rehearing request). Therefore, a total of approximately \$38,900 (\$37,800 plus \$1,100) in fees would be generated on an annual basis.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Items 2, 3 and 4 - Files 251-94-2, 97-94-30 and 97-94-31

Note: These items were continued from the May 18, 1994 Budget Committee meeting.

Item: Hearing to consider the Budget Analyst's report on compensatory time off; legislation reforming the accrual of compensatory time off in various departments; record-keeping; and legislation limiting compensatory time for certain positions (File 251-94-2).

Ordinance amending the San Francisco Administrative Code by adding Section 18.15 thereto to centralize the record-keeping of all compensatory time off pay accruing to and used by all City employees (File 97-94-30).

Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.14 to restrict the availability, use, and accrual of compensatory time off pay for certain City employees (annual maximum pay greater than \$90,000) (File 97-94-31).

Description: The Federal Fair Labor Standards Act (FLSA) requires that employees who are subject to its provision must be paid in cash for overtime worked, unless they and the employer agree that the employee shall receive compensatory time off (CTO) in lieu of overtime. For employees who are covered by the FLSA, the employer is legally required to pay overtime or grant compensatory time off.

However, some employees are not covered by the FLSA. Generally, such "exempt" employees must hold positions which are executive, administrative, or professional in nature.

The question of whether certain public employees are exempt from the FLSA is currently being litigated in Federal court. According to the City Attorney's Office, depending on the outcome of this litigation, the City could be required to pay all or some of its currently exempt employees in cash at time and one-half for their hours of overtime work, regardless of the nature of their duties.

Civil Service classifications which are exempt from the FLSA are denoted with a "Z" classification by the Civil Service Commission. The Civil Service Commission determines whether any specific classification is exempt from the FLSA on an individual basis. In an October 26, 1993 report to the Board of Supervisors concerning Compensatory Time Off, the Budget Analyst has previously reported that 4,441 or 18.9 percent of

the 23,470 positions included in the 1993-94 budget are classified as exempt from the FLSA and are not entitled to cash payments for overtime worked.

Eligibility for Compensatory Time Off

At the present time, the City's Annual Salary Ordinance (ASO) provides that the 4,441 "Z" employees who are exempt from the FLSA may receive compensatory time off at time and one-half for hours worked in excess of 40 hours per week. The ASO specifically provides:

Occupants of the position specified by symbol "Z" shall work such hours as may be necessary for the full and proper performance of their duties and shall receive no additional compensation for work on holidays or in excess of 8 hours per day for 5 days per week, but may be granted compensatory time off under the provisions of Section V (B) of the Salary Standardization Ordinance...

Section V (B) of the Salary Standardization Ordinance (SSO) states that,

Employees occupying positions determined by the Civil Service Commission as being exempt from the FLSA and designated by a "Z" shall not be paid for overtime worked but may be granted compensatory time off at the rate of one and one half times for time worked in excess of normal work schedules.

However, there are no existing policies in the ASO, SSO, or the Administrative Code concerning the oversight or approval of compensatory time for exempt employees.

Existing Limits on Number of Overtime Hours Worked

Section 18.13(a) of the Administrative Code prohibits any employee from working overtime hours in any fiscal year that exceed 16 percent of the regular work schedule. Based on a 40-hour work week, a regular work schedule over one year would entail 2,080 hours of work; 16 percent of the regular work schedule would be 333 hours. Thus, the Administrative Code currently prohibits any employee who regularly works 40 hours per week from working more than 333 hours of overtime in any fiscal year.

Existing Limits on the Accumulation of CTO

The Salary Standardization Ordinance provides that non-exempt employees (who are subject to the FLSA) may not accumulate more than 240 hours of compensatory time off, calculated at time and one half (which is equivalent to 160 hours of actual work performed in excess of 40 hours per week). However, there is currently no limit on the number of hours of compensatory time off which may be accrued by "Z" employees who are exempt from the FLSA.

As reported in the Budget Analyst's October 26, 1993 report to the Board of Supervisors, there are no City-wide policies at the present time concerning the accumulation or use of compensatory time off by "Z" employees. Rather, individual departments have established their own policies concerning which employees qualify for compensatory time off, the maximum amount of CTO which can be accumulated or carried forward from one fiscal year to the next, requirements for approval, and record-keeping systems.

Effects of the Proposed Legislation

The proposed hearing (File 251-94-2) is to consider the Budget Analyst's report on compensatory time off; to consider legislation reforming the accrual of compensatory time off in various departments; to consider record-keeping, and to consider legislation limiting compensatory time for certain positions.

The proposed ordinance (File 97-94-30) would amend the Administrative Code by adding Section 18.15 to centralize the recordkeeping of all overtime and compensatory time off accruing to and used by all City employees.

The proposed ordinance (File 97-94-31) would do the following:

- Amend the Administrative Code by adding Section 18.14 to restrict the availability, use, and accrual of compensatory time off for City employees who are exempt from the FLSA, if (1) the employee's classification has a maximum annual salary amount greater than \$90,000, or (2) the employee is an appointing officer, director of any City agency or department, or otherwise holds a position designated by the Department of Human Resources as executive management, regardless of the annual maximum pay for the position;

- Provide that CTO which has already accrued for employees who are subject to the proposed ordinance (as described above) may be taken at the discretion of the appointing officer, subject to the Controller's certification that all CTO hours proposed to be taken have been properly documented and approved by the appointing officer;
- Prohibit subject employees (as described above) from receiving a cash payment for CTO balances after the employee's last day of work in any department or upon transfer between departments; and
- Not affect any obligations imposed by a valid collective bargaining agreement between the City and a recognized labor organization.

Comments:

1. In a report to the Board of Supervisors of October 26, 1993, the Budget Analyst has previously estimated that exempt and non-exempt City employees had accumulated a total of 445,625 hours of compensatory time off as of October, 1993. The majority of these hours (63 percent) had been accumulated by Police and Fire Department employees, as follows:

<u>Department</u>	<u>Number of CTO Hours Accrued</u>	<u>Percent of Total</u>
Fire	196,143	44
Police	84,236	19
All Other Departments	<u>165,246</u>	<u>37</u>
Total	445,625	100

The average was 20 hours of CTO accumulated per employee, among City employees who had accumulated compensatory time off as of October, 1993. Excluding the Police and Fire departments, employees in all other departments had accumulated an average of nine hours of compensatory time off per employee as of October, 1993.

2. As previously noted, the Budget Analyst determined that 4,441 employees (or 18.9 percent of 23,470 total authorized positions) were exempt from the FLSA in 1993-94.

Assuming that each of these 4,441 exempt employees had accumulated 9 hours of CTO each (based on the average CTO per employee in all departments other than Police and Fire), and based on the average salary and fringe benefit costs of City job classifications, as reported by the Civil Service Commission, of approximately \$50,000 per annum (\$24 per hour), the Budget Analyst estimated that the City's total liability for CTO which had accrued to exempt employees as of October, 1993 was \$959,256 (4,441 exempt employees x 9 hours CTO per exempt employee x \$24/hour).

It could not be established how many accumulated CTO hours which were reported by City departments in October, 1993 had been accumulated in a single fiscal year. Therefore, the City's annual cost for CTO hours used or accumulated by City employees in a single fiscal year could not be determined. Our \$959,256 estimated cost for CTO of exempt employees represents the City's total liability for CTO hours which had been accumulated by exempt employees as of October, 1993, regardless of the fiscal year when the hours were earned based on the departments which responded to the survey of the Budget Analyst.

3. The proposed ordinance (File 97-94-31) would prohibit exempt employees in classifications with a maximum annual salary of \$90,000, or in executive management positions, from accruing compensatory time off.

The Civil Service Commission has provided a listing of City job classifications ranked by salary amount. The pages from this list that show all job classifications with maximum salary amounts higher than \$90,000 is attached to this report. This list reflects that the 1994-95 budget includes a total of 520 authorized positions which have maximum annual salaries greater than \$90,000, and that 466 of these are designated "Z" or are exempt from the FLSA.

At the present time, the average number of CTO hours which are used or accumulated by employees in these classifications is not known. However, for purposes of illustration, the following dollar amounts approximate the City's minimum annual cost to provide the number of CTO hours shown below for 466 employees that the designated "Z" or are exempt from the FLSA and who earn more than \$90,000 annually (based on an hourly rate of \$47.60 including \$90,000 salary and fringe benefits of approximately ten percent):

<u>No. of CTO hours Per Employee Per Year</u>	<u>Minimum Annual Cost for 466 Employees*</u>
10	\$221,816
20	443,632
40	887,264
80	1,774,528

*Based on 466 employees earning CTO at an hourly rate of \$47.60, equivalent to \$90,000 annually plus fringe benefits.

However, it should be noted that some of these employees who work in excess of a normal work schedule do not record such hours or request credit for their CTO.

4. The proposed ordinance (File 97-94-30) would amend the City's Administrative Code by adding Section 18.16 to require centralized recordkeeping of compensatory time off pay. Specifically, each City department would be required to report to the Controller each pay period concerning all overtime and compensatory time off which was accrued and paid out. The Controller would be required to maintain records of overtime and compensatory time off balances and payments, and to submit semi-annual reports to the Board of Supervisors concerning CTO and overtime payments and outstanding balances.

Mr. Ed Harrington, the City Controller, states that he supports efforts to reform the City's current policies concerning compensatory time off. Mr. Harrington states that the City's existing payroll system could be used to report compensatory time off and overtime hours, just as it is currently used to track vacation and sick leave hours. Mr. Wendell Pryor of the Department of Human Resources advises that he and Mr. Harrington would be able to report on a new tracking system by the end of August, 1994.

Mr. Harrington recommends that the City develop a comprehensive policy for the use and accumulation of CTO by all employees, before implementing formal recordkeeping systems which further institutionalize CTO as an employee benefit.

5. Mr. Pryor states that the City's policy concerning compensatory time off for employees exempt from the Fair Labor Standards Act should be developed in the context of evolving case law concerning CTO for municipal employees. In particular, Mr. Pryor notes that a case will be heard before the

U.S. Supreme Court to determine whether a municipal employer who requires employees to record their hours may or may not exempt its employees from the FLSA. In other words, by requiring hourly recordkeeping, the City could jeopardize the classification of certain employees as exempt from the FLSA, according to Mr. Pryor.

Mr. Pryor reports that, in his judgement, it is probably not a prevailing practice to provide compensatory time off to employees who are exempt from the FLSA. However, Mr. Pryor reports that the prevailing practice instead is probably to grant 2 to 10 days of administrative leave annually for exempt employees. Mr. Pryor states that the prevailing practice will be documented and analyzed as part of a comprehensive compensation and classification study of all City positions which is currently being planned by the Department of Human Resources.

Regardless of the specific leave policy which is adopted for the City's exempt employees, Mr. Pryor advises that the City should not refer to such leave as "compensatory time" because of the unresolved legal issues which pertain to compensatory time in the public sector.

6. Mr. Pryor reports that the proposed ordinance (File 97-94-31) to prohibit compensatory time off pay for certain employees is subject to meet and confer proceedings with employee organizations. Mr. Pryor reports that the Employee Relations Division of the HRD has already commenced meet and confer proceedings with the Management Employees Association (MEA) which represents managerial and executive employees. Mr. Pryor anticipates that meet and confer proceedings with the MEA will be completed by the end of August, 1994, and requests that this proposed ordinance be continued until that time.

7. In our report of October 26, 1993 concerning compensatory time off, the Budget Analyst recommended that the Board of Supervisors should:

(1) Prohibit the accumulation and use of compensatory time off for all executive, administrative and professional employees, unless countermanded by labor agreements;

(2) Adopt legislation requiring:

(A) that all compensatory time earned and taken off by employees subject to the provisions of the Fair Labor Standards Act must require prior approval by the employees' supervisors; and

(B) that the Controller should be requested to provide a standardized method of accounting and tracking of compensatory time earned and taken off for all departments; and,

(3) Submit a Charter Amendment to the electorate that would require that Memoranda of Understanding established through binding arbitration be subject to Board of Supervisors approval.

The proposed ordinance (File 97-94-31) would restrict compensatory time off for all executive, managerial, or executive employees to the extent that these employees are (1) exempt from the FLSA and (2) are either employed in classifications having maximum annual salaries greater than \$90,000, or serve as appointing officers or department heads regardless of the maximum annual salary for their positions.

The proposed ordinance (File 97-94-30) would have the Controller provide a standardized method of accounting and tracking CTO which is accrued and taken by all City employees.

8. The sponsor of this proposed legislation has requested that these items (File 251-94-2, File 97-94-30, and File 97-94-31) be continued to the August 24, 1994 Budget Committee meeting.

Recommendation:

At the request of the sponsor, continue these items to the August 24, 1994 Budget Committee meeting.

Item 5 - File 210-94-2

Department: Retirement Board

Item: Resolution urging the Mayor to request that the Retirement Board give due consideration, under pricing and corporate capability criteria, in evaluating any joint venture team, including San Francisco General Hospital, which responds to the June 1994 Request For Proposals (RFP) to provide medical care facilities to treat industrially injured employees of the City and County of San Francisco.

Description: This proposed resolution would urge the Mayor to request that the Retirement Board give consideration in evaluating an RFP, under pricing and corporate capability criteria, from a joint venture team that includes San Francisco General Hospital (SFGH).

The resolution states that a joint venture contract which involves SFGH and one or more other private hospitals in the treatment of City workers under the Workers Compensation Program, could provide additional revenues for SFGH as well as reducing Workers Compensation costs. The joint venture contract would be a public-private partnership that would divide up work under the contract according to criteria set forth in a joint venture proposal submitted to the RFP Subcommittee of the Workers Compensation Task Force (WCTF).

Comments: 1. The Request for Proposal Subcommittee of the Workers Compensation Task Force, chaired by Ms. Clare Murphy, General Manager of the Employees Retirement System (ERS), has issued an RFP, which was approved by the Retirement Board on June 24, 1994 for a workers compensation medical treatment facility. The Request for Proposal Subcommittee also includes a representative from the Controller's Office, the Mayor's Office, the City Attorney's Office, the ERS (in addition to Ms. Murphy) and a representative from the Human Resources Department.

2. According to Ms. Murphy, the RFP, which has been sent to every hospital in San Francisco, was advertised in local newspapers. The deadline to submit proposals is August 11, 1994. A contract is expected to be awarded on or around January 1, 1995. The RFP Subcommittee will review the proposals and the contract award is subject to approval of the Retirement Board, according to Ms. Murphy. However, if the Workers Compensation Division of the ERS is transferred to the Human Resources Department before the contract is

awarded by the Retirement Board, the Human Resources Department will award the final contract. The exact length of time for the contract has not yet been determined. Ms. Murphy states that the RFP Subcommittee will give due consideration to all proposals for a workers compensation medical treatment facility, including any joint venture proposals between private and public hospitals.

3. Currently, St. Francis Memorial Hospital holds the contract for the City's workers compensation medical treatment facility. St. Francis Hospital is therefore responsible for the initial treatment of most injured City workers. Most fees are subject to the State's Official Medical Fee Schedule for workers compensation medical services. However, some services are not subject to this fee schedule, but are only subject to the contract rate. According to Ms. Murphy, the contract has averaged approximately \$2.5 million each year over the past five years. St. Francis Memorial Hospital has held this contract since 1973.

4. Ms. Murphy reports that the RFP Subcommittee will hold a bidders conference on July 25, 1994 to answer questions from potential bidders. As previously stated, the proposals are due on August 11, 1994.

5. Ms. Murphy reports that the \$2,543,280 contract for the City's workers compensation medical treatment facility in FY 1992-93 does not cover the City's total workers compensation medical costs. The City's total workers compensation medical costs were \$17.8 million in FY 1992-93. The City's total workers compensation costs from July 1, 1993 through May 31, 1994 (11 months), including medical, permanent disability, rehabilitation, temporary disability, disability pay and legal were \$29.0 million in FY 1992-93. The total budgeted workers compensation costs, including the medical treatment facility for FY 1993-94 and FY 1994-95 are \$24,270,197 and \$26,192,149, respectively. Based on the actual costs incurred for FY 1993-94, the Budget Analyst estimates the total costs for FY 1994-95 will be approximately \$27.7 million. Therefore, we estimate that the \$26.2 million budgeted for FY 1994-95 is underbudgeted by approximately \$1.5 million (\$27.7 less \$26.2 million).

6. The Budget Analyst notes that the proposed resolution also includes a provision that calls for any public-private workers compensation medical treatment joint venture to provide for treatment facilities in a separate location for the City's public safety officers, including Police and Fire Department

7. The proposed resolution requests that the Mayor provide a written report to the Board of Supervisors and the City's Workers Compensation Task Force on the implementation of the proposed resolution by July 15, 1994. According to the Office of the Author, since July 15, 1994 has passed, the proposed resolution should be amended to request that the Mayor provide a written report to the Board of Supervisors and the City's Workers Compensation Task Force on the implementation of the proposed resolution by August 19, 1994.

Recommendation: Amend the proposed resolution to request that the Mayor provide a written report to the Board of Supervisors and the City's Workers Compensation Task Force on the implementation of the resolution by August 19, 1994.

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 6 - File 47-94-9

Department: Department of Parking and Traffic (DPT)

Item: Resolution authorizing a monthly parking rate of \$50 at the Sixteenth and Hoff Street Garage.

Description: The Sixteenth and Hoff Street Parking Garage is a City-owned metered parking facility located in the City's Mission District. Five Star Parking, under its separate agreement to manage and operate the St. Mary's Square Garage for the City, is also responsible for maintenance and security at the subject Sixteenth and Hoff Street Garage. Five Star Parking does not receive any of the parking revenues generated by the parking meters in the Sixteenth and Hoff Street Garage. These parking meter revenues accrue entirely to the City. However, the City pays Five Star Parking a monthly management fee for the operation of St. Mary's Square Garage (located at 433 Kearny Street) and for maintenance and security at the Sixteenth and Hoff Street Garage. For all of these services, Five Star Parking receives 29.18 percent of the parking revenues generated by St. Mary's Square Garage.

The Parking and Traffic Commission has oversight responsibility for City-owned parking facilities. This responsibility includes reviewing the parking fees and monthly parking permits charged at City-owned garages and lots and making recommendations to the Board of Supervisors for changes in parking fees.

The Department of Parking and Traffic (DPT) advises that the metered two-level garage at Sixteenth and Hoff Street, which consists of 115 parking spaces is currently underutilized. The daily occupancy rate of this Garage is currently 33 percent. According to the DPT, several merchants in the area have indicated their interest in purchasing a monthly parking space in the garage. Presently there is no monthly parking rate, but persons who park in the facility must deposit 50 cents for each hour of parking in one of the Garage's parking meters.

The Parking and Traffic Commission approved a resolution on June 21, 1994 recommending that the Board of Supervisors approve a monthly parking rate of \$50 per space per month for the second level of the Sixteenth and Hoff Street Garage. The DPT estimates that it would issue 55 monthly parking permits, which would generate additional revenues of \$2,750 per month or \$33,000 per year. The DPT advises that Five Star Parking would continue to maintain the Garage and provide security under its St Mary's Square Garage Management Agreement

with the City. Five Star Parking would continue to receive a monthly management fee amounting to 29.18 percent of parking revenues generated by the St. Mary's Square Garage and, in addition, would receive 29.18 percent of the new parking revenues (other than parking meter revenues) generated by the Sixteenth and Hoff Street Garage. The City would retain the remaining 70.82 percent of parking revenues, as well as parking tax revenues on the monthly parking rates (there is no tax on the parking meter revenues).

Comments:

1. As previously noted, there are 115 parking spaces at the Sixteenth and Hoff Street Garage, including 60 spaces on the first level and 55 spaces on the second level, and the Garage has an average daily occupancy rate of 33 percent or approximately 38 of the 115 spaces. The second level of the Garage, which would be used solely for monthly parking, has a daily occupancy rate of less than ten percent or less than six of the 55 parking spaces because, according to Mr. Kevin Hagerty, Director of Off-Street Parking for DPT, the parking spaces on the second level have been primarily used only at night. Thus, on average, there are approximately 77 vacant spaces (115 less 38) on a daily basis on both levels of the Sixteenth and Hoff Street Garage. The DPT estimates that it would issue approximately 55 monthly parking permits for spaces on the second level of the Garage upon approval of the proposed monthly parking rate, which is 22 less than the daily vacancy rate of 77 spaces.

2. Mr. Hagerty advises that persons utilizing the Sixteenth and Hoff Street Garage are currently permitted to park their vehicles for free at night and on Sundays or holidays since they are not required to deposit money in the parking meters after 6:00 p.m. or on Sundays and holidays. Under the proposed agreement, the first level of the Garage would still be used for metered parking. As such, persons parking on the first level of the Garage could still park for free at night or on Sundays and holidays, while persons who own monthly parking permits would have to pay a monthly rate to park on the second level of the Sixteenth and Hoff Street Garage.

3. According to Mr. Hagerty, the purpose of implementing a monthly parking rate at the Sixteenth and Hoff Street Garage is to increase patronage and to respond to the requests of merchants and residents in the Mission District for a monthly parking area.

4. The monthly rates at other City-owned garages range from \$75 to \$310. According to Mr. Hagerty, because there are no garages within four blocks of the Sixteenth and Hoff Street

Garage, it is difficult to establish a comparable rate at that facility. Mr. Hagerty advises that the proposed \$50 monthly parking rate would stimulate demand and would be reviewed in six months to determine whether the rate should be increased.

5. Owners of monthly parking permits would receive a proximity reader card that would allow them to open and close the entry gate to the restricted monthly parking area. If the owner of a monthly parking permit failed to make timely monthly payments, Five Star Parking would deactivate that person's proximity reader card. According to Mr. Hagerty, the one-time capital costs of installing the vehicular and pedestrian gates and the revenue control equipment would be \$27,500, to be paid for by Five Star Parking, who will then be reimbursed by DPT with parking revenues in one or two lump sums of an unspecified amount, but which will total no more than \$27,500.

6. Based on the anticipated \$33,000 in additional annual gross revenues associated with the proposed monthly parking rate, the City would receive \$25,296 in annual revenues as follows:

Total Revenue Associated with 55 Monthly Parking Permits	\$33,000
Less Parking Tax Revenue @ 25%	<u>6,600</u>
Net Parking Revenues (Net of Parking Taxes)	\$26,400
City's Share (70.82% of Net Parking Revenues)	18,696
Estimated Total Additional Annual Revenues to the City, including \$6,600 in Parking Tax Revenues and \$18,696 in Parking Revenues	\$25,296

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 7 - File 47-94-10

Department: Department of Parking and Traffic (DPT)

Item: Resolution approving a monthly parking rate for Immigration and Naturalization Service vehicles at the Golden Gateway Garage.

Description: The Golden Gateway Garage is a 1,100 space City-owned parking facility located at 250 Clay Street. The Garage is operated by Five Star Parking under a management agreement with the City, whereby Five Star Parking pays the City 84.18 percent of monthly parking revenues. Five Star Parking retains the remaining 15.82 percent of parking revenues as compensation for the management and operation of the Golden Gateway Garage.

The Parking and Traffic Commission has oversight responsibility for City-owned parking facilities. This responsibility includes reviewing the parking fees and monthly parking permits charged at City-owned garages and lots and making recommendations to the Board of Supervisors for changes in parking fees.

The U.S. Department of Justice, Immigration and Naturalization Services (INS) is interested in parking 76 vehicles in the Golden Gateway Garage on a monthly basis. Five Star Parking, the operator of the Garage, responded to a Request for Proposals issued by INS by submitting a bid of \$13,300 per month, or \$175 per vehicle per month, and was awarded the contract by INS, conditional upon approval of the monthly parking rate by the Board of Supervisors.

The Parking and Traffic Commission has reviewed this request and concluded that there is adequate space in the Golden Gateway Garage to accommodate 76 monthly parking spaces, as the average daily occupancy rate of this Garage is between 73 and 82 percent. The Commission approved a resolution on June 21, 1994 recommending that the Board of Supervisors authorize Five Star Parking to lease up to 76 parking permits at the Golden Gateway Garage at the rate of \$175 per month for a total of \$13,300 per month (76 permits x \$175) or \$159,600 annually. The agreement with INS also contains three one-year options to renew and would increase the monthly parking rate by \$5 per year per space, or by \$380 per month for the 76 INS vehicles, for the remaining three years of the four-year agreement.

Comments:

1. The Golden Gateway Garage currently has a monthly parking rate of \$260 per space for 325 of the 1,100 parking spaces that are allocated for monthly parking. This parking lot has an average daily occupancy rate of between 73 and 82 percent or between approximately 800 and 900 of the 1,100 spaces. Thus, on average, there are between approximately 200 and 300 vacant spaces on a daily basis at the Golden Gateway Garage, which is between approximately 124 and 224 more than the requested 76 spaces for monthly parking.

2. The INS maintains an office at 630 Sansome Street in the City's financial district. According to Mr. Kevin Hagerty, Director of Off-Street Parking for the Department of Parking and Traffic (DPT), the purpose of providing the INS with the proposed 76 monthly parking spaces, in addition to generating additional revenue to the City, is to remove the INS vehicles from on-street parking spaces, thereby increasing the spaces available for short-term parking and reducing downtown congestion.

3. The monthly rates at other City-owned garages range from \$75 to \$310. As previously noted, the current monthly parking rate at Golden Gateway Garage is \$260 per space per month. According to Mr. Hagerty, the proposed monthly parking rate of \$175 per space per month for INS vehicles is less than Golden Gateway Garage's rate for other monthly spaces for two reasons: 1) the proposed monthly parking rate of \$175 does not include the parking tax, which would be \$52 or 25 percent of the parking rate, because INS, as a government agency, is exempt from paying the parking tax (the \$260 current monthly parking rate without the \$52 parking tax is \$208); and 2) Five Star Parking, based on consultation with DPT, submitted a bid to INS of \$175 per vehicle per month, a bid which Five Star Parking believed would be the low bid and thus result in obtaining the business of INS.

4. The DPT advises that a new vehicular entrance and exit would be installed at the Golden Gateway Garage from Washington Street for use by monthly parking permit owners. The one-time cost for installing vehicle monitoring equipment and security fencing, as required by the proposed Five Star Parking agreement with INS, would be approximately \$60,000. Five Star Parking would be reimbursed by DPT with parking revenues for the cost of the capital improvements in one or two lump sums of an unspecified amount, but which would total no more than \$60,000.

Memo to Budget Committee
July 27, 1994

5. Based on the proposed \$175 monthly parking rate for the 76 parking spaces in the first year, the City would receive the following additional annual revenues:

<u>Parking Revenues:</u>	<u>Total Revenue for 76 Monthly Parking Permits</u>	<u>City Receives 84.18% of Gross Parking Revenues</u>
First Year (\$175/month)	\$159,600	\$134,351
Second Year (\$180/month)	164,160	138,190
Third Year (\$185/month)	168,720	142,028
Fourth Year (\$190/month)	<u>173,280</u>	<u>145,867</u>
Total	\$665,760	\$560,436

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Items 8 and 9 - Files 101-91-40.2 and 101-92-11.2

Department: Airports Commission

Items: **File 101-91-40.2** - Requesting release of reserved funds in the amount of \$7,708,298 for contractual services for infrastructure repair and maintenance work at the San Francisco International Airport.

File 101-92-11.2 - Requesting release of reserved funds in the amount of \$51,792,700 for the Airport's Master Plan construction contracts.

Amount: \$7,708,298 - File 101-91-40.2
51,792,700 - File 101-92-11.2
\$59,500,998 - Total

Source of Funds: File 101-91-40.2:

Capital Improvement Fund - Unreserved Balance	\$6,402,485
1967 Airport Bond Fund - Unreserved Balance	46,086
1975 Airport Bond Fund - Unreserved Balance	303,576
1977 Airport Bond Fund - Unreserved Balance	384,859
1981 Airport Bond Fund - Unreserved Balance	1,708,415
1983 Airport Bond Fund - Unreserved Balance	1,958,161
1990 Airport Bond Fund - Unreserved Balance	<u>6,697,690</u>
Total	\$17,501,272

File 101-92-11.2:
1994 Airport Revenue Bond Proceeds \$2,400,000,000

Description: In February of 1992, the Board of Supervisors approved an ordinance appropriating \$17,501,272 in Airport Revenue Bond interest earnings for capital improvement projects. Of this amount, \$9,692,875 was placed on reserve for construction contracts, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

In December of 1992, the Board of Supervisors approved a second ordinance appropriating \$2.4 billion in Airport Revenue Bond proceeds for Near Term Master Plan Projects. Of the \$2.4 billion, \$1,554,200,000 was placed on reserve for construction contracts, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

The Airport is now requesting the release of \$59,500,998 of the \$1,563,892,875 (\$1,554,200,000 plus \$9,692,875) in reserved funds in order to start the construction phase of the Airport Master Plan.

**Project
Budgets:**

With respect to all construction, the Attachment, provided by the Human Rights Commission (HRC), contains the prime contractor, subcontractors, MBE/WBE participation, and contract amounts for the following projects:

File 101-91-40.2:

Construction Contracts:

Airport Terminal Fire Alarm System Upgrade \$359,000

This project will upgrade the fire detection system throughout the Airport terminal buildings in order to meet current safety codes and Fire Marshall requirements. The construction contract was awarded to Millard Tong, an MBE firm, with additional participation by MBE/WBE subcontractors of 33 percent.

North Terminal Apron Reconstruction 307,000

This project will provide for the repair and reconstruction of the North Terminal apron, which is showing signs of deterioration. The Airport awarded the construction contract to Inter-Coastal, an MBE/WBE Joint Venture, with additional MBE/WBE participation by subcontractors of 22.6 percent.

Plot 52 Wastewater Treatment Plant Demolition 511,600

This project will demolish the abandoned wastewater treatment plant and inactive site utilities, as well as provide for hazardous materials clean-up, site cleaning, excavation and site grade restoration. The selected construction contractor is Evans Brothers. Evans Brothers is not an MBE or WBE firm, but Evans Brothers will retain MBE/WBE participation of 30 percent.

**North Terminal Holding Area - Fire Alarm
System Improvements 514,296**

This project will upgrade the fire detection system in the North Terminal Holding Area in order to meet current safety codes and Fire Marshall requirements. The construction contract was awarded to Lem Construction, an MBE firm, with additional MBE/WBE participation by subcontractors of 24.5 percent.

Parking Lot D and DD - Water Main

Improvements

\$268,813

This project will provide water service and fire protection to the new annex building in Parking Lot D and provide water to the construction site of the parking garage on Lot DD, across from the United Airlines Maintenance Base. The Airport selected A. Ruiz Construction, an MBE firm, as the construction contractor, with additional MBE/WBE participation by subcontractors of 20 percent.

Firehouse No. 2 - Replacement

3,482,000

The Airport advises that the existing Firehouse No. 2 is too small to accommodate anything but the smallest Crash/Fire/Rescue vehicles and is not ideally situated for quick response. This project will provide for a larger firehouse at a more strategic location in order to respond more quickly to airfield emergencies. The selected construction contractor is Barnes/Lem Construction, a Joint Venture. Barnes is not an MBE or WBE firm, but Lem Construction is an MBE firm. Lem Construction's participation is 14 percent. There will be additional participation by MBE/WBE subcontractors of 32.6 percent.

Subtotal - Construction Contracts

\$5,442,709

Architecture, Engineering & Inspection:

AE&I - Construction Contracts

\$816,406

These services will be performed in-house by Airport employees and are budgeted at 15 percent of construction contract costs of \$5,442,709.

Waste Treatment Plant Improvements Contract

1,040,000

This project provides for a major renovation and improvement to the Domestic Waste and the Industrial Waste Treatment Plants in order to meet future demand and capacity requirements. The Airport awarded the contract to CH2M-Hill, an architectural and engineering consulting firm. CH2M-Hill is not an MBE or WBE firm. However, CH2M-Hill will allocate 40 percent of the contract to MBE subcontractors.

Subtotal - AE&I

\$1,856,406

BOARD OF SUPERVISORS
BUDGET ANALYST

Contingency (7.5% of Construction Contracts) \$408,203

Total - File 101-91-40.2 \$7,707,318*

* See Comment.

File 101-92-11.2:

Lot "DD" Parking Structure

The multi-story parking structure, to be built adjacent the intersection of San Bruno Avenue and Route 101, is planned to accommodate long-term public parking, as well as tenant and Airport employee parking. The five-level above-ground parking structure will provide approximately 3,000 parking stalls. The Airports Commission awarded the construction contract to Tutor Saliba Corporation, the low bidder, in the amount of \$36,412,000. Tutor Saliba is not an MBE or WBE firm. However, MBE/WBE subcontractors will be allocated 18.6 percent of the contract. Work is scheduled to begin on August 8, 1994.

Construction Contract	\$36,412,000	
Contingency (7.5%)	2,730,900	
Architecture, Engineering, & Inspection	<u>5,461,800*</u>	
Total		\$44,604,700

* These services will be performed through a work order with the Department of Public Works (DPW) and are budgeted at 15 percent of construction contract costs of \$36,412,000.

**South San Francisco and San Bruno Home
Insulation Project**

Pursuant to the terms of the Airport's 1992 Master Plan Memorandum of Understanding (MOU) between the Airport and the Airport's neighboring cities, including the Cities of Daly City, Pacifica, San Bruno, South San Francisco and other Cities located near the Airport, the Airport has committed up to \$120,000,000 through the year 2000 to the Home Insulation Master Plan Mitigation Program, which will provide Cities that have signed the MOU with

funds to insulate private residences and schools from Airport noise. Each year the Cities that receive Airport funds through the Airport's Home Insulation Master Plan Mitigation Program will apply to the Federal Aviation Administration's (FAA) Home Insulation Funding Program in order to reimburse the Airport for 80 percent of the cost of insulation. In addition, according to Mr. John Martin of the Airport, the Airport is currently working on a Letter of Intent to the FAA to apply for Federal discretionary funding under the FAA's Airport Improvement Program for the remaining 20 percent cost of providing insulation to these Cities. Thus far, the Airport has acquired noise easements from the Cities of San Bruno and South San Francisco, which received a total of 599 noise easements from private residences. Under the MOU, the Airport will advance \$12,000 to insulate each of these private residences, as follows:

<u>City</u>	<u>No. of Homes to be Insulated</u>	<u>Noise Insulation Funding</u>	
South San Francisco	417	\$5,004,000	
San Bruno	182	<u>2,184,000</u>	
Total	599		\$7,188,000
Total - File 101-92-11.2			<u>\$51,792,700</u>
TOTAL			<u>\$59,500,018</u>

Comment:

Mr. Leo Fermin of the Airport advises that the requested release of \$7,708,298 (File 101-91-40.2) is incorrect and should be reduced by \$980 to \$7,707,318. Thus, the total requested release of reserved funds should be reduced by \$980, from \$59,500,998 to \$59,500,018, as reflected above.

Recommendation: 1. Amend the proposed request (File 101-91-40.2) by reducing the release of reserved funds by \$980, from \$7,708,298 to \$7,707,318.

2. Release reserved funds in the amount of \$7,707,318 (File 101-91-40.2) plus \$51,792,700 (File 101-92-11.2), or a total of \$59,500,018.

SUBCONTRACTING DATA
SAN FRANCISCO INTERNATIONAL AIRPORT

Contract No.	Title /Project Description	Contractor (Primes & Subs)	Ethnicity	Type of Work	Prime Contract Amount	MBE Dollar Amount	WBE Dollar Amount	Subcontract Dollar Amount
3059B	Terminals Fire Alarm System Renovation	Millard Tong Subs: Agbayani Const. Cresci Electric	Asian Asian White	Prime Contractor	\$359,000	\$108,000	\$11,000	\$108,000 \$11,000
3291	No. Terminal Apron Recons.	Inter-Coastal, a J.V. Interstate Grading Coastal Const. Subs: D & S Assoc. Double B & L Vickers Concrete Hydroseal	White Asian Asian Black Asian White	Prime Contractor Labor/Equip Labor/Supervision Material Trucking Sawcutting Install Jt. Sealing	\$307,800 \$32,768 \$35,480	\$60,000 \$6,200 \$3,375 \$72,000		\$60,000 \$6,200 \$3,375 \$72,000
3368	Plot 52 Waste Water Treatment Plant Demo.	Evans Bros. Subs: S & S Trucking Esquivel Grading E & J Env. Double B&L Tkg.	White Latino Latino Black Black	Prime Contractor Trucking Grading/Paving Environmental Trucking	\$511,600	\$11,400 \$110,750 \$16,000		\$11,400 \$110,750 \$16,000 \$15,500
3059A	N.T. Holding Area Fire Prot.	Lem Construction Subs: Kent Lim L.C. Electric Monticelli Painting Ocampo-Taiao Carlos Interiors Cosko BVD	Asian Asian Asian White Asian White White	Prime Contractor Mechanical Electrical Painting Materials Acoustical ceiling Fire Protect. Demolition	\$514,296	\$22,000 \$85,000 \$10,700	\$8,500	\$22,000 \$85,000 \$8,500 \$10,700 \$114,000 \$134,000 \$20,000
3263	Parking Lot D Water Main Imp.	A. Ruiz Const. Subs: Vargas & Esquivel P&K Tkg. Jenkins Const.	Latino Latino Black Black	Prime Contractor	\$268,813	\$7,800 \$29,458	\$16,478	\$16,478 \$7,800 \$29,458
1723R	Firehouse No.2	Barnes/Lem,a J.V.		Prime Contractor	\$3,482,000			

SUBCONTRACTING DATA SAN FRANCISCO INTERNATIONAL AIRPORT

Replacement	Barnes Const. Lem Const. Subs: Rosas Const. Anco Iron Kent Lim United Ca. Glass Found Const. Ram Rebar Sullivan Pacific Const. Byron Epp Fred Melswinkel California Tile Valloff & Peck Berlin Newmaler Superior FireSpr. McClean Phoenix Contract Carpets	White Asian Latino Latino Asian White White White White White White White White White White White White White White White White	Earthwork/pav. St.Steel/Metals Mechanical Glass/Glazing Piles/Caissons Rebar CMU Roofing H2Oproof Telescoping Plaster/Drywall Ceramic Tile Painting Food ServEquip Plumbing Fire Sprinkler Deck Crane Carpets	\$469,567 \$488,733	\$317,500 \$312,450 \$215,000 \$289,000 \$78,500 \$82,661 \$102,743 \$85,000 \$172,862 \$240,000 \$29,300 \$40,700 \$45,200 \$86,784 \$22,500 \$29,500 \$14,000 \$20,000
2801	Parking Structure Lot DD	Tutor-SalibaCorp Subs: Liberty Bldrs LandavazoBros Jezek Electric R&A Supplies NationwideConst. Thunder Electric Specialties Etc Kiewit PacificCo Alamillo Steel NorthernSignSys VSL Corp Schindler Elevato Meddco Metals F.W.Spencer Brayer Electric Largo Concrete Willhold Coatings	White Black Latino Black Latino White White White White White White White White White White White White White White White	\$38,412,000	\$205,000 \$5,100,000 \$323,000 \$500,000 \$465,000 \$131,600 \$14,797 \$1,900,000 \$5,200,000 \$200,000 \$1,473,000 \$530,000 \$1,000,000 \$1,350,000 \$2,600,000 \$5,300,000 \$238,000

SUBCONTRACTING DATA
SAN FRANCISCO INTERNATIONAL AIRPORT

1962	Waste Treatment Plants	CH2M Hill Subs: Gamayo GeoTech Michael Willis	White Latino Latino Black	Prime Consultant	\$970,000	\$197,000 \$48,500 \$145,000	\$197,000 \$48,500 \$145,000
				Total	\$43,852,057	\$7,327,933	\$1,458,075
							\$29,966,758

Memo to Budget Committee
July 27, 1994

Item 10 - File 101-93-45.1

Department: Chief Administrative Officer (CAO)

Item: Release of reserve

Amount: \$90,000

Source of Funds: General Fund - General Reserve

Description: In December, 1993, the Board of Supervisors appropriated \$161,893 to fund the initial nine months (January 1 through September 30, 1994) of the CAO's project management costs for the 911 Emergency Response Communications Facility project. Of the \$161,893 appropriated, the Board of Supervisors reserved \$100,000 for contractual services pending selection of the contractor, cost details and MBE/WBE status of the contractor. The contractual services are to assist in developing a Request for Proposal package that will be used to obtain the communications hardware and software for the City's new 911 system.

The CAO's Office received 19 responses to their Request for Qualifications in order to obtain the desired contractor. The CAO's Office identified five respondents that met the qualifications for the contractual services project and selected the firm of Public Safety Consultants, Inc. of Enumclaw, Washington, from the five qualifying respondents.

Budget: Public Safety Consultants, Inc., which is not a MBE or a WBE firm, will provide 1,040 hours of professional services for a total cost of \$90,000 as follows:

Professional Services

Computer Dispatch and Records Management Analyst (560 hours @ \$75/hr.)	\$42,000
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Documentation and Procedures Analyst (240 hours @ \$40/hr.)	9,600
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Computing and Records Management Analyst (240 hours @ \$75/hr.)	<u>18,000</u>
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Subtotal - 1,040 Hours of Professional Services	\$69,600
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BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
July 27, 1994

<u>Operating Costs</u>	
Supplies	\$ 1,075
Travel, Lodging, Meals	<u>19,325</u>
Subtotal - Operating Costs	<u>\$20,400</u>
Total Proposed Release of Reserve	\$90,000

Comment: Attached is an estimated breakdown of the \$19,325 to be expended for Travel, Lodging and Meals cost that was provided by the contractor.

Recommendation: Release \$90,000 as requested.

Initial Meeting, 1 person for 1 week
 230 Airfare, Seattle
 270 Car rental
 100 Parking and gas, San Francisco
 75 Parking, airport
 525 Hotel
 200 Meals and miscellaneous
 1400

Site survey, 3 people for 2 weeks
 2890 Airfare, New York
 920 Airfare, Seattle
 540 Car rental
 200 Parking and gas, San Francisco
 150 Parking, airport
 3150 Hotel
 1200 Meals and miscellaneous
 9050

Follow up to survey, 1 person for 1 week
 230 Airfare, Seattle
 270 Car rental, per week
 100 Parking and gas, San Francisco
 75 Parking, airport
 525 Hotel
 200 Meals and miscellaneous
 1400

System Design, 3 people for 1 week
 1445 Airfare, New York
 460 Airfare, Seattle
 270 Car rental
 100 Parking and gas, San Francisco
 225 Parking, airport
 1575 Hotel
 600 Meals and miscellaneous
 4675

First follow up visit, 1 person for 1 week
 230 Airfare, Seattle
 270 Car rental
 100 Parking and gas, San Francisco
 75 Parking, airport
 525 Hotel
 200 Meals and miscellaneous
 1400

Second follow up visit, 1 person for 1 week
 230 Airfare, Seattle
 270 Car rental, per week
 100 Parking and gas, San Francisco
 75 Parking, airport
 525 Hotel
 200 Meals and miscellaneous
 1400

19325 Grand Total

Item 11 - File 206-94-2

Note: This item was continued by the Budget Committee at its meeting of July 20, 1994.

1. This item is a resolution that would authorize a contribution by the City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving Payments In Lieu of Taxes (PILOT) for fiscal years, 1990-91, 1991-92 and 1992-93.

2. As stated in a cooperative agreement between the City and County of San Francisco and the San Francisco Housing Authority (SFHA) dated January 21, 1965, the SFHA public housing developments are exempted from all real and personal property taxes and special assessments collected by the local tax collector. However, in place of that exemption, the SFHA has agreed to make alternative payments referred to as "payments in-lieu of taxes" (PILOT) annually which equal 10 percent of the total rents charge to SFHA public housing development tenants during the fiscal year.

3. As provided for in the Housing Act of 1937, municipal government can require local housing authorities to render a PILOT in order to allow compensation to local governments for general municipal services that benefit public housing residents such as police, fire, recreation and health services.

4. Prior to Fiscal Year 1982-83, the SFHA paid its PILOT obligations when funds were available. Between 1983-84 and 1989-90 the Board of Supervisors, at the request of the Mayor, waived the SFHA annual PILOT obligation due to financial difficulties claimed by the SFHA and reviewed by the Budget Analyst. The amount of PILOT payments waived during this seven year period totaled approximately \$4.2 million.

5. In May of 1990, the SFHA again requested, through the Office of the Mayor, that the Board of Supervisors waive its PILOT for 1990-91. However, this request was not forwarded to the Board of Supervisors for approval. Although the Board of Supervisors did not approve the waiver for 1990-91, the SFHA did not budget the needed amount for the anticipated PILOT payment in their annual budget for operating funds with the U. S. Department of Housing and Urban Development (HUD). Such funds were not needed in previous years because the PILOT obligation had been waived by the Board of Supervisors.

6. For the next three years 1991-92 through 1993-94, the Board of Supervisors did not waive the PILOT and the SFHA did not budget the estimated cost of the PILOT obligation in their annual HUD program budgets. In total, the four most recent annual HUD funding requests did not budget PILOT funds even though no waiver of the PILOT obligation had been approved by the Board of Supervisors for those four years.

7. The SFHA did subsequently request the Mayor on February 2, 1993 to seek Board of Supervisors approval to waive the PILOT for 1991-92 after that

budgeted year had already been completed. In that request, the SFHA did not refer to the fact that the previous SFHA request to waive the PILOT for 1990-91 was still pending.

8. On November 12, 1993 the SFHA advised the Budget Analyst that their request for a waiver of the 1992-93 PILOT had not yet been submitted because the actual PILOT computation could not be completed until after the end of the SFHA's fiscal year on September 30, 1993. On February 14, 1994 the SFHA submitted a request for that waiver totaling \$613,932, but again did not refer to the fact that two previous SFHA requests for waivers were still pending.

Comments

1. The Budget Analyst completed a management audit of the San Francisco Housing Authority in November 1993. Included in that audit is a recommendation that the SFHA immediately pay its prior PILOT obligations that have accumulated over the past three years and which are owed to the General Fund and to other Funds and Jurisdictions including the Open Space Acquisition Fund, Children's Fund, County Superintendent of Schools, the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District. Those amounts are currently estimated to be:

<u>Fiscal Year</u>	<u>City's General Fund</u>	<u>Other Funds and Jurisdictions</u>	<u>Total Payment</u>
1990-91	\$612,232	\$88,116	\$700,348
1991-92	538,800	77,550	616,350
1992-93	<u>529,015</u>	<u>84,917</u>	<u>613,932</u>
Totals	\$1,680,047	\$250,583	\$1,930,630

2. The \$250,583 is divided among these Other Funds and Jurisdictions as follows: Open Space Acquisition Fund - \$48,262; Children's Fund - \$7,674; County Superintendent of Schools - \$1,880; San Francisco Unified School District - \$148,643; San Francisco Community College District - \$27,887; Bay Area Air Quality Management District - \$4,025; and Bay Area Rapid Transit District - \$12,212.

3. Since the completion of the SFHA Management Audit report, the SFHA has estimated the PILOT payment for FY 1993-94 which is \$592,140. The \$592,140 is an additional amount due and owed to the City and would be distributed as follows: General Fund - \$502,835; Open Space Acquisition Fund - \$14,804; Children's Fund - \$14,804; County Superintendent of Schools - \$576; San Francisco Unified School District - \$45,588; San Francisco Community College District - \$8,553; Bay Area Air Quality Management District - \$1,235; and Bay Area Rapid Transit District - \$3,745.

4. Although the SFHA has reported an operating reserve balance of \$9.2 million as of September 30, 1992, which could be used to pay its PILOT obligation for the last several years, the SFHA advised the Budget Analyst in responding to the management audit of the Budget Analyst that "further reductions in the operating reserve balance could seriously undermine the financial stability of the SFHA" which could result in their re-designation as a "troubled" housing authority. The Budget Analyst believes such a statement is inaccurate and higher misleading.

5. The SFHA reports a current reserve balance of \$8.7 million and the 1994-95 Operating Budget would reduce that reserve by \$2.5 million from \$8.7 million to \$6.2 million. Based on the HUD procedure which calculates the operating reserve indicator for the Public Housing Management Assessment Program (PHMAP) certification, which is one of 12 performance indicators to determine if a housing authority is "standard" or "troubled", the SFHA would have a 31.2 reserve percentage and score 7 out of 10 points for that indicator. If the SFHA deducted \$1.9 for its PILOT obligation from the remaining \$6.2 million reserve leaving \$4.3 million in order to pay its PILOT for FY's 1990-91, 1991-92 and 1992-93, the SFHA would have a 21.6 reserve percentage and still score 7 out of 10 points. Under these circumstances the payment of \$1.9 million from the SFHA reserve would have no current effect on the SFHA's current PHMAP scoring for the reserve indicator.¹

6. The SFHA reserve of \$6.2 million (prior to paying the PILOT) as a percentage of their total operating expenditures of \$40,708,750 for FY 1994-95 is 15.2 percent. This is substantially higher than the City's recommended General Fund Reserve of \$10.0 million which is 0.7 percent of the City's total General Fund budget of \$1,365,273,646. In comparison the SFHA reserve percentage is 21.7 times greater. If the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million, as the result of making the \$1.9 million PILOT payment, the remaining reserve would be 10.6 percent of the SFHA's total operating expenditures. This would still be 15.1 times greater than the City's percentage of General Fund reserve to the City's total General Fund budget for FY 1994-95.

7. The SFHA further responded to the Budget Analyst's management audit report that a portion of the approximately \$1.8 million paid annually by the SFHA to the San Francisco Police Department for supplemental police services in public housing developments during the three fiscal years in question actually paid for routine services. The SFHA responds that the Police Department was supposed to have provided these services at no cost to SFHA.

8. The Chief of Police has provided a letter on this matter dated June 28, 1994 (Attachment). Chief Ribera advises that "While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively." In addition, Chief Ribera states that "This contract

¹PHMAP ratings for Operating Reserves include (1) 40% and over = 10 points, 20% to 39% = 7 points, under 20% = 0 points.

provides approximately \$1.8 million dollars annually for supplemental policing in this critical area of need: public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost."

9. The Budget Analyst continues to recommend that the SFHA should immediately pay from existing SFHA reserves its past PILOT obligations for Fiscal Years 1990-91, 1991-92, and 1992-93 for an estimated total of \$1,930,630 of which \$1,680,047 would be deposited into the General Fund and \$250,583 would be paid to other jurisdictions as identified above in Comment 1. According to its proposed HUD Low Income Operating Budget for FY 1994-95, the SFHA will reduce its overall staff by 53 administrative positions by October 1, 1994. However, the 1994-95 proposed HUD budget indicates only a \$880 reduction in salaries. The Budget Analyst has requested more information on proposed salaries but Mr. Eugene Jones of the SFHA advises that SFHA is too busy to provide such detail. Under these circumstances, and based on an average salary and benefit cost of \$48,000 per position, the SFHA could transfer \$1,908,000 (based on nine months) in administrative costs (excluding overhead) to its operating reserve or to other needed activities. The reduction of 53 administrative positions for the nine month period October 1994 - June 1995 would make up 98.8 percent of the needed PILOT payments for FY's 1990-91, 1991-92 and 1992-93 (\$1,908,000 divided by \$1,930,630).

10. The plan of the Budget Committee, in balancing the City's 1994-95 budget, is based on a 1994-95 PILOT payment by the SFHA of \$1,000,000 to the City's General Fund.

11. As stated above in Comment 6, even if the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million in order to pay the PILOT for FY's 1990-91, 1991-92 and 1992-93, the remaining reserve percentage would still be 15.1 times greater than the City's percentage of its General Fund Reserve to the City's total General Fund budget.

Recommendations

1. Disapprove the proposed resolution which would waive the PILOT payments totaling \$1,930,630 from SFHA of which \$1,680,047 would be paid to the City's General Fund and \$250,583 would be collectively paid to the Open Space Acquisition Fund (\$48,262), the Children's Fund (\$7,674), the County Superintendent of Schools (\$1,880), the San Francisco Unified School District(\$148,643), the San Francisco Community College District (\$27,887), the Bay Area Rapid Transit District (\$4,025) and the Bay Area Air Quality Management District (\$12,212).

Memo to Budget Committee
July 27, 1994

2. Immediately demand payment from the SFHA for the FY's 1990-91, 1991-92, 1992-93 and 1993-94 PILOT payments in the estimated amount of \$2,522,770 (\$1,930,630 plus \$592,140) which is due and owed to the City and to other Funds and Jurisdictions.



POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

ANTHONY D. RIBERA, Ph.D.
CHIEF OF POLICE

June 28, 1994

The Honorable Tom Hsieh
Board of Supervisors
City and County of San Francisco
City Hall, Room 235
San Francisco, CA 94102

Dear Supervisor Hsieh:

It has been brought to my attention that you are concerned about possible problems with the supplemental policing agreement between the Housing Authority and the San Francisco Police Department.

While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively.

This contract provides approximately 1.8 million dollars annually for supplemental policing in this critical area of need; public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost.

I am hopeful this extremely beneficial arrangement for the protection of the citizens of San Francisco will continue.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Ribera", written over a horizontal line.

ANTHONY D. RIBERA
Chief of Police

LR/fs

cc: Ken Bruce

0958G/55

Item 12 - File 97-94-1.1

Note: This item was transferred to Budget Committee from the Rules Committee for Fiscal Impact. This item was continued at the July 20, 1994, Budget Committee Meeting.

Item: Ordinance suspending the requirements of San Francisco Administrative Code Sections 5.79 and 5.80 and any other law requiring the legal text of a measure to be printed in the voter information pamphlet, with respect to any Charter revision measure submitted at the November 8, 1994 election.

Description: The proposed ordinance would suspend existing local requirements to print the entire legal text of Charter revision measures submitted at the November 8, 1994 election. County Registrar of Voters Ms. Germaine Wong states that the measure would permit her office to avoid printing the text of the proposed 1994 Charter Revision, which has been submitted to the Board of Supervisors for placement on the November ballot.

Ms. Wong estimates that the text of the proposed 1994 Charter Revision would be at least 35 pages long, assuming the Registrar of Voters uses the standard page and type size for the voter information pamphlet. The standard type size for the voter handbook is the "legal" type size that is used for legal notices published in newspapers. Ms. Wong advises that the total cost of translation, typesetting, printing and postage for 35 pages would be approximately \$2,000 per page, or a total of at least \$70,000. Ms. Wong advises that the printing cost might be reduced if a larger than normal voter information pamphlet was produced.

If the proposed ordinance is approved, the Registrar of Voters would still be required to print the legal text of all Charter Amendments that appear on the November ballot, but will provide only a summary of the proposed 1994 Charter Revision.

Comments:

1. Ms. Wong advises that, although the Ballot Simplification Committee provides 300-word summaries of typical ballot measures, she expects that the summary of the proposed 1994 Charter would be five to ten pages long.
2. Ms. Wong states that she supports the proposed ordinance, not only because of the cost savings, but also

because the length of the legal text of the proposed 1994 Charter would render the voter information pamphlet so long that voters might get discouraged from reading the pamphlet.

3. Mr. Randy Riddle of the City Attorney's Office states that he has consulted with the Secretary of State's Office, which advises that the State Elections Code does not require that the entire legal text of ballot measures be printed in the voter information pamphlet. Mr. Riddle does not anticipate that the City would encounter significant legal problems if the proposed ordinance is approved. However, Mr. Riddle advises that City Charter Section 9.112 states that whenever a measure is required by Charter to be submitted to the voters, the Registrar will print the measure in pamphlet form and mail it to the voters. Mr. Riddle states that State law, rather than the City Charter, requires that Charter Revisions be submitted to the voters, so Charter Section 9.112 does not require that the legal text of Charter Revisions be printed in pamphlet form and mailed to the voters.

4. Mr. Buck Delventhal of the City Attorney's Office reports that the full text of the last Charter revision proposal was printed in the voter information pamphlet for the November 4, 1980 election. The text of the proposed 1980 Charter revision was printed in its entirety in the first volume of a two-volume voter information pamphlet that was mailed to the voters prior to that 1980 election.

Ms. Wong advises that the text of the proposed 1980 Charter Revision was printed in regular type size, rather than legal type size, in order to make it easier to read (the regular type size is larger than the "legal" type size). However, Ms. Wong states that, if the full text of the proposed 1994 Charter Revision was printed in regular type size it would be approximately 100 pages long, rather than 35 pages long if printed in legal type size. This would cost up to \$200,000, rather than \$70,000.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Memo to Budget Committee
July 27, 1994

Item 13 - File 185-94-1

Note: This item was continued by the Budget Committee at its meeting of July 20, 1994.

This item is a hearing to consider possible irregularities in the process for allocating the Children's Fund for Fiscal Year 1994-95.

The Budget Analyst requested information from the Mayor's Office of Children, Youth and Families regarding the allocation processes of the Children's Fund. The Mayor's Office of Children, Youth and Families submitted the attached memo and schedules in response to this request. Pages three through six of the attachment include the following information requested by the Budget Analyst:

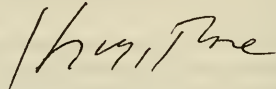
1. Name of organization or agency that received an award of Children's Fund monies.
2. Amount of Children's Fund monies awarded.
3. Period covered by award.
4. Children's Services Plan target category addressed by award.
5. Total amount of unused balance of Children's Fund monies at end of award period for each award.
6. Amount of unused balance for an organization or agency that was carried forward for use by the organization or agency to subsequent period.
7. Amount of unused balance for an organization or agency that was reallocated to other organizations or agencies.
8. Name of organizations and agencies which received reallocated monies and amounts.
9. For each original award or reallocation award, specify as to whether or not the Citizen's Allocation Committee preapproved the specific award. Be specific as to the particular organization or agency which was awarded funds.

The Mayor's Office of Children, Youth and Families responses to the Budget Analyst's requests for details of administration costs for MOCYF are included on pages one and two of the attachment.

Memo to Budget Committee
July 27, 1994

According to response number 12 on page two of the attachment, the MOCYF has stated that it will respond directly to the Budget Committee regarding an explanation of the decision process whereby the Income Rights Group was not awarded monies from the Children's Fund.

Page seven of the attachment is a list of the names of Citizen's Allocation Committee members.


Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

**Mayor's Office of Children,
Youth, & Their Families**



**FRANK M. JORDAN
MAYOR**
**ANTHONY LINCOLN
DIRECTOR**

Date: July 21, 1994
To: Merlin Zimmerly
From: Anthony Lincoln
Subject: Allocations of Children's Fund Monies

We are pleased respond to Harvey Rose's memo dated July 13, 1994 which requested that certain detailed information regarding the allocations of the Children's Fund be provided to your office in connection with a hearing scheduled by the Budget Committee of the Board of Supervisors. The following information covers only Fiscal Years 1992-93 and 1993-94 as the Fund was not in operation during FY 1991-92. Our responses to the questions raised are as follows:

1 - 9. Please see attached report entitled *Children's Fund Allocations*

10. Administrative personnel costs for MOCYF. The approved staffing level for FY 1993-94 and recommended for FY 1994-95 consists of the following 11 positions:

<u>Position</u>	<u>Salary</u>	<u>Fringe</u>
1366 Special Assistant	\$ 43,900	\$ 7,108
1366 Special Assistant	43,900	7,108
1366 Special Assistant	43,900	7,108
1366 Special Assistant	44,333	7,178
1366 Special Assistant	45,634	7,388
1368 Special Assistant	48,363	7,827
1368 Special Assistant	48,363	7,827
1371 Special Assistant	63,266	8,931
1422 Junior Clerk Typist	28,006	4,736
1446 Secretary II	37,479	5,982
1632 Senior Accounts Clerk	<u>33,524</u>	<u>5,462</u>
	\$480,668	\$76,655

In FY 1992-93, the originally approved staffing level of five positions was increased to the current 11 via supplemental appropriation in February 1993. For the year as a whole, salary expenditures were \$301,895 and fringe benefits totalled \$58,714.

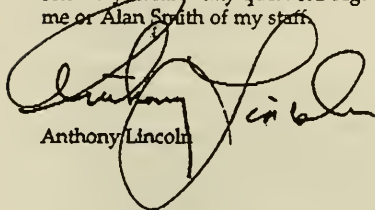
11. Other Administrative costs. The following is a breakdown of other administrative costs budgeted for MOCYF in FY 1992-93 and FY 1993-94:

<u>Expense</u>	<u>FY 1992-93</u>	<u>FY 1993-94</u>
Technical Assistance	\$ 29,000	\$164,500
Rent	20,300	41,265
Misc. Other Non-Personal Services	38,000	45,400
Materials/Supplies/Equipment	44,900	42,300
Services of Other Departments	<u>10,500</u>	<u>20,800</u>
	\$142,700	\$314,265

12. The question regarding the allocations process of the Citizen's Allocation Committee will be answered verbally during the hearing.

13. A list of the names of the members of the Citizen's Allocation Committee is attached.

Should you have any questions regarding the information provided herewith, please contact me or Alan Smith of my staff.



Anthony Lincoln

Children's Fund Allocations

Fiscal Year 1992-93

Agency	Amount	Period	Service Category	Total Unexpended \$	Unused \$ Carried Forward	Unused \$ Reallocated	CAC Approval Yea/Nay
Children's Council of San Francisco	\$227,382	Jan 93 - Sep 93	CC	\$119,893	\$0	\$119,893	Yes
Wu Yee Children's Services	\$227,382	Jan 93 - Sep 93	CC	\$183,303	\$0	\$183,303	Yes
Audrey L. Smith Child Development Center	\$117,735	Jan 93 - Sep 93	CC	\$804	\$0	\$804	Yes
Economic Opportunity Council	\$75,000	Jan 93 - Sep 93	CC	\$75,000	\$75,000	\$0	Yes
Holy Family Day Home	\$62,100	Jan 93 - Sep 93	CC	\$5,093	\$0	\$5,093	Yes
San Francisco Jewish Community Center	\$75,000	Jan 93 - Sep 93	CC	\$1,258	\$0	\$1,258	Yes
SFUSD Children's Centers	\$80,000	Jan 93 - Sep 93	CC	\$0	\$0	\$0	Yes
CAHEED, Inc.	\$25,000	Jan 93 - Sep 93	CC	\$2,745	\$0	\$2,745	Yes
Children's Council of San Francisco	\$25,000	Jan 93 - Sep 93	CC	\$0	\$0	\$0	Yes
Wu Yee Children's Services	\$25,000	Jan 93 - Sep 93	CC	\$20,022	\$0	\$20,022	Yes
Children's Council of San Francisco	\$18,750	Jan 93 - Sep 93	CC	\$0	\$0	\$0	Yes
Wu Yee Children's Services	\$18,750	Jan 93 - Sep 93	CC	\$2,561	\$0	\$2,561	Yes
Asian Parental Advocates/Volunteers of SFGH	\$37,500	Jan 93 - Sep 93	CC	\$649	\$0	\$649	Yes
Easter Seal Society of San Francisco	\$37,500	Jan 93 - Sep 93	CC	\$490	\$0	\$490	Yes
Northern California Service League	\$7,829	Jan 93 - Sep 93	CC	\$0	\$0	\$0	Yes
Soljourner Truth Foster Care	\$13,500	Jan 93 - Sep 93	CC	\$0	\$0	\$0	Yes
SFUSD Golden Gate Health Center	\$11,703	Jan 93 - Sep 93	CC/HSS	\$3,260	\$0	\$3,260	Yes
SFUSD Healthy Start Matching Funds	\$22,000	Jul 92 - Jun 93	HSS	\$13,286	\$0	\$13,286	Yes
Hamilton Family Center	\$98,643	Jul 92 - Jun 93	HSS	\$24,711	\$0	\$24,711	Yes
Family Service Agency of San Francisco	\$52,950	Jan 93 - Sep 93	HSS	\$2,437	\$0	\$2,437	Yes
Children's Council of San Francisco	\$37,500	Jan 93 - Sep 93	HSS	\$8,575	\$0	\$8,575	Yes
Daycare Consultants	\$82,682	Jan 93 - Sep 93	HSS	\$21,068	\$0	\$21,068	Yes
Learning Services of Northern California	\$21,860	Jan 93 - Sep 93	HSS	\$0	\$0	\$0	Yes
Wu Yee Children's Services	\$29,817	Jan 93 - Sep 93	HSS	\$10,222	\$0	\$10,222	Yes
Tenage Pregnancy & Planning Project (TAPP)	\$46,858	Jan 93 - Sep 93	HSS	\$11,665	\$0	\$11,665	Yes
Private Industry Council (PIC)	\$179,278	Jan 93 - Sep 93	JR	\$13,340	\$0	\$13,340	Yes
Bridges - From School to Work	\$81,538	Jan 93 - Sep 93	JR	\$14,574	\$0	\$14,574	Yes
Central City Hospitality House	\$84,500	Jan 93 - Sep 93	JR	\$5,642	\$0	\$5,642	Yes
Community Educational Services	\$225,000	Jan 93 - Sep 93	JR	\$8,480	\$0	\$8,480	Yes
San Francisco Conservation Corps	\$55,012	Jan 93 - Sep 93	JR	\$0	\$0	\$0	Yes
Youth Guidance Center Improvement Committee	\$43,132	Jan 93 - Sep 93	JR	\$14,501	\$0	\$14,501	Yes
Flipping American Council of SF	\$14,400	Jul 93 - Oct 93	JR	\$0	\$0	\$0	Yes
Bay Area Urban League	\$16,000	Jun 93 - Aug 93	JR	\$0	\$0	\$0	Yes
SF Senators	\$14,893	Jul 93 - Sep 93	JR	\$0	\$0	\$0	Yes
Japanese Community Youth Council	\$300,000	Jan 93 - Sep 93	JR	\$0	\$0	\$0	Yes
Visitation Valley Community Center	\$35,509	Jan 93 - Sep 93	JR	\$2,815	\$0	\$2,815	Yes
California Lawyers for the Arts	\$8,810	Jan 93 - Sep 93	JR	\$0	\$0	\$0	Yes
Girls Leadership Project of San Francisco Women's	\$41,250	Jan 93 - Sep 93	JR	\$0	\$0	\$0	Yes
Horizons Unlimited of San Francisco	\$91,975	Jan 93 - Sep 93	JR	\$18,360	\$0	\$18,360	Yes

Children's Fund Allocations

Korean American Development Corporation Operation Contact, Inc.	JRDP	\$10,000	Jun 93 - Sep 93	\$5,682	\$5,682	Yes
RAAP, Inc.	DP	\$145,291	Jan 93 - Sep 93	\$29,054	\$0	Yes
Camp Fire Boys & Girls	DP	\$133,127	Jan 93 - Sep 93	\$0	\$0	Yes
Mission Reading Clinic	DP	\$44,246	Jan 93 - Sep 93	\$0	\$0	Yes
San Francisco Educational Services, Inc.	DP	\$49,749	Jan 93 - Sep 93	\$7,766	\$0	Yes
Center Resources Development Center	DP	\$169,661	Jan 93 - Sep 93	\$284	\$0	Yes
Center on Juvenile and Criminal Justice	DP	\$16,111	May 93 - Aug 93	\$0	\$0	Yes
Donaldisa Cameron House	DP	\$121,552	Jan 93 - Sep 93	\$0	\$0	Yes
Lavender Youth Recreation Information Ctr.	DP	\$10,000	Jun 93 - Sep 93	\$0	\$0	Yes
Mission Youth Soccer League	DP	\$89,146	Jan 93 - Sep 93	\$2,085	\$0	Yes
Library Department	DP	\$17,756	Jan 93 - Sep 93	\$0	\$0	Yes
Roc & Park Department	DP	\$421,543	Jul 92 - Jun 93	\$201,853	\$125,460	No
Department of Social Services	CCAIR	\$306,877	Jul 92 - Jun 93	\$208,872	\$0	No
Department of Public Health	HSS	\$253,000	Jul 92 - Jun 93	\$23,631	\$0	No
Community Mental Health Department	HSS	\$390,945	Jul 92 - Jun 93	\$206,807	\$0	No
		\$149,040	Jul 92 - Jun 93	\$49,023	\$0	No
		\$5,150,183		\$1,384,261	\$157,275	\$1,226,993

Fiscal Year 1993-94

Agency	Service Category	Amount	Period	Total Unaudited	Amount Funded With Reallocated	CAC Approval Yes/No
Children's Council of San Francisco	CC	\$301,851	Oct 93 - Aug 94	Contract Open		Yes
Wu Yee Children's Services	CC	\$501,894	Oct 93 - Aug 94	Contract Open		Yes
Audrey L. Smith Child Development Center, Inc.	CC	\$120,000	Oct 93 - Jun 94	Contract Open		Yes
Holy Family Day Home	CC	\$62,100	Oct 93 - Jun 94	Contract Open		Yes
Economic Opportunity Council (No contract)	CC	\$75,000	Oct 93 - Aug 94	Contract Open		Yes
San Francisco Jewish Community Center	CC	\$75,000	Oct 93 - Jun 94	Contract Open		Yes
Cross Cultural Family Center	CC	\$196,934	Oct 93 - Aug 94	Contract Open		Yes
Mission Neighborhood Centers	CC	\$45,834	Oct 93 - Aug 94	Contract Open		Yes
Nihonmachi Little Friends	CC	\$71,000	Oct 93 - Aug 94	Contract Open		Yes
Mission Child Care Consortium	CC	\$80,000	Mar 94 - Oct 94	Contract Open		Yes
SFUSD Children's Centers	CC	\$80,000	Jul 93 - Jun 94	Contract Open		Yes
CAHEED, Inc.	CC	\$25,000	Oct 93 - Jun 94	Contract Open		Yes
Children's Council of San Francisco	CC	\$25,000	Oct 93 - Jun 94	Contract Open		Yes
Wu Yee Children's Services	CC	\$25,000	Oct 93 - Jun 94	Contract Open		Yes
Audrey L. Smith Development	CC	\$74,512	Oct 93 - Aug 94	Contract Open		Yes
Children's Council of San Francisco	CC	\$18,750	Oct 93 - Jun 94	Contract Open		Yes
Wu Yee Children's Services	CC	\$18,750	Oct 93 - Jun 94	Contract Open		Yes
Hilla Project	CC	\$33,358	Oct 93 - Aug 94	Contract Open		Yes
Economic Opportunity Council	CC	\$64,320	Oct 93 - Aug 94	Contract Open		No
Audrey L. Smith Developmental Center	CC	\$140,274	Jun 94 - Aug 94	Contract Open	\$54,320	Yes
CAHEED (Jeleni House)	CC	\$15,629	Jun 94 - Aug 94	Contract Open	\$140,274	Yes
Wu Yee Children's Services	CC	\$99,777	Jun 94 - Aug 94	Contract Open	\$15,629	Yes
Aaron Parnass Advocates/Volunteers of SFCH	CC	\$37,500	Oct 93 - Jun 94	Contract Open	\$99,777	Yes
Estim Seal Society of San Francisco	CC	\$7,829	Oct 93 - Jun 94	Contract Open		Yes
Northern California Service League	CC	\$13,500	Oct 93 - Jun 94	Contract Open		Yes
Yock Yau Ji Gai Childrens	CC	\$74,603	Oct 93 - Aug 94	Contract Open		Yes

Children's Fund Allocations

Golden Gate Community	\$9,187	Oct 93 - Aug 94	CC	Contract Open	Yes
Bernal Heights	\$264,912	Dec 93 - Aug 94	CC/HSS/JRDP	Contract Open	Yes
CA/HEED, Inc.	\$550,000	Dec 93 - Aug 94	CC/HSS/JRDP	Contract Open	Yes
Japanese Community Youth Council	\$200,000	Dec 93 - Aug 94	CC	Contract Open	Yes
Wajumbe	\$124,992	Dec 93 - Aug 94	CC	Contract Open	Yes
Eta Hill Hutch Community Center	\$455,000	Oct 93 - Aug 94	CC	Contract Open	Yes
Children's Council	\$25,000	Oct 93 - Aug 94	CC	Contract Open	Yes
Audrey L. Smith	\$5,000	Oct 93 - Aug 94	CC	Contract Open	Yes
Asian Women's Center	\$6,350	Oct 93 - Aug 94	CC	Contract Open	Yes
SFUSD Golden Gate Health Center	\$22,000	Jul 93 - Jun 94	HSS	Contract Open	Yes
SFUSD Health Start Matching Funds	\$100,000	Jul 93 - Jun 94	HSS	Contract Open	Yes
Family Service Agency of San Francisco	\$150,000	Oct 93 - Jun 94	HSS	Contract Open	Yes
SF Educational Services	\$22,917	Oct 93 - Aug 94	HSS	Contract Open	Yes
San Francisco Study Center	\$53,354	Oct 93 - Aug 94	HSS	Contract Open	Yes
Harrison Family Center	\$91,667	Oct 93 - Aug 94	HSS	Contract Open	Yes
Good Samaritan Family Resource	\$52,576	Oct 93 - Aug 94	HSS	Contract Open	Yes
West Bay Pillbox Multi-Service	\$111,900	Oct 93 - Aug 94	HSS/JRDP	Contract Open	Yes
Qum Moon Residence Hall (Asian Women's Resource Center)	\$46,834	Oct 93 - Aug 94	HSS	Contract Open	Yes
Harrison Family Center	\$58,250	Oct 93 - Jun 94	HSS	Contract Open	Yes
Children's Council of San Francisco	\$37,500	Oct 93 - Jun 94	HSS	Contract Open	Yes
Daycare Consultants	\$95,457	Oct 93 - Jun 94	HSS	Contract Open	Yes
Learning Services of Northern California	\$24,333	Oct 93 - Jun 94	HSS	Contract Open	Yes
Wu Yee Children's Services	\$29,817	Oct 93 - Jun 94	HSS	Contract Open	Yes
Audrey L. Smith Development	\$41,250	Oct 93 - Aug 94	HSS	Contract Open	Yes
Office of Samoan Affairs	\$55,896	Oct 93 - Aug 94	HSS/JR	Contract Open	Yes
San Francisco Court Appointed Special Advocates	\$29,920	Oct 93 - Aug 94	HSS	Contract Open	Yes
S.F. Educational Services (Hoover Middle School)	\$50,000	Oct 93 - Aug 94	HSS	Contract Open	Yes
Teenage Pregnancy & Parenting Project (TAPP)	\$46,858	Oct 93 - Jun 94	HSS	Contract Open	Yes
UCSF Infant-Parent Program	\$55,946	Oct 93 - Aug 94	HSS	Contract Open	Yes
Bay View Hunters Point Foundation - Mental Health	\$101,230	Oct 93 - Aug 94	HSS	Contract Open	Yes
Support for Parents with Special Children	\$36,667	Oct 93 - Aug 94	HSS	Contract Open	Yes
S.F. Educational Services (E. R. Taylor School)	\$40,000	Oct 93 - Aug 94	HSS	Contract Open	Yes
Chinatown Youth Center	\$235,440	Dec 93 - Aug 94	HSS/JRDP	Contract Open	No
OMI Community Association	\$195,810	Dec 93 - Aug 94	HSS/JRDP	Contract Open	Yes
Robert F. Kennedy Foundation	\$100,000	May 94 - Dec 94	HSS/JR	Contract Open	Yes
Private Industry Council	\$244,822	Jul 93 - Jun 94	HSS	Contract Open	No
Bldgs... From School to Work	\$81,539	Oct 93 - Jun 94	JR	Contract Open	Yes
Central City Hospitality House	\$110,334	Oct 93 - Jun 94	JR	Contract Open	Yes
Community Educational Services	\$392,090	Oct 93 - Aug 94	JR	Contract Open	Yes
Community Educational Services	\$31,840	Jun 94 - Sep 94	JR	Contract Open	Yes
San Francisco Conservation Corps	\$55,012	Oct 93 - Jun 94	JR	Contract Open	Yes
Youth Guidance Center Improvement Committee	\$80,927	Oct 93 - Aug 94	JR	Contract Open	Yes
SF Educational Services	\$4,584	Oct 93 - Aug 94	JR	Contract Open	Yes
San Francisco Boys and Girls Club	\$77,917	Oct 93 - Aug 94	JR	Contract Open	Yes
Youth for Service	\$111,435	Oct 93 - Aug 94	JR	Contract Open	Yes
Mission Cultural Center	\$91,667	Oct 93 - Aug 94	JR	Contract Open	Yes
Flt-Am Employment and Training	\$20,000	Oct 93 - Aug 94	JR	Contract Open	Yes
West Bay Pillbox Multi-Service	\$35,251	Oct 93 - Aug 94	JR	Contract Open	Yes
Office of Samoan Affairs	\$36,667	Oct 93 - Aug 94	JR	Contract Open	Yes
Japanese Community Youth Council	\$300,000	Oct 93 - Jun 94	JR	Contract Open	Yes
Visitation Valley Community Center	\$35,510	Oct 93 - Jun 94	JR	Contract Open	Yes

CC = Children; HSS = Health/Soc. Svc.; JR = Job Readiness; DP = Delinquency Prevention



Mayor's Office of Children, Youth, & Their Families

CITIZEN ALLOCATION COMMITTEE, 1994

-
- | | |
|---------------------|----------------------|
| • Don Barfield | • Kathy Baxter |
| • Reynald Bryan | • Carmela Castellano |
| • Dorothy Chen | • Frank Chong |
| • Robert Christmas | • Virginia C. Gee |
| • Carol Goss | • Giuliana Halasz |
| • Gennetta Hayes | • Pearl Howell |
| • Ed Illumin | • Dorothy Ingram |
| • Diane Kim | • Laurel Kloomok |
| • Rudy Lemcke | • Rose Levinson |
| • Natalie Lopes | • Judy Lujan |
| • Larry Lujan | • Eva Maas |
| • Lulann McGriff | • Nicole Ricketts |
| • Gene Royale | • Amy Schoenborn |
| • Rita Semel | • Keiko Shimosato |
| • Jennifer Spangler | • Gloria Stanley |
| • Juanda Stewart | • Mollie Ward |
| • Midge Wilson | • Danny Yu |

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3/94
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7/94
cancellation
BOARD of SUPERVISORS



City Hall
San Francisco 94102
554-5184

July 26, 1994

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NOTICE IS HEREBY GIVEN that the regularly scheduled meetings of the Budget Committee for August 3, 10, and 17 at 1:00 p.m., have been cancelled.

The next regular meeting of the Budget Committee will be held on Wednesday, August 24, 1994, at 1:00 p.m., in the Room 228, City Hall.

A handwritten signature in cursive script, appearing to read "John L. Taylor".
John L. Taylor
Clerk of the Board

BUDGET COMMITTEE
BOARD OF SUPERVISORS
ROOM 235, CITY HALL
SAN FRANCISCO, CA 94102

IMPORTANT HEARING NOTI

Bill Lynch
Documents Section
SF Public Library-Main Branch
Civic Center
San Francisco CA

D 4524

SF
\$90.07
#2
8/24/94

CALENDAR ... MEETING ...
**BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

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AUG 27 1996

SAN FRANCISCO
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WEDNESDAY, AUGUST 24, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, BIERMAN

ABSENT: SUPERVISOR ALIOTO

CLERK: MARY L. RED

1. File 101-94-2. Annual Appropriation Ordinance for Fiscal Year 1994-95.
(Rereferred to Budget Committee from Board 8/15/94 with line item vetoes from Mayor; report back to Board 8/29/94)

ACTION: Hearing held. RECOMMENDED override of \$239,570 (total) for Public Health Department; no recommendation for \$560,430 (total) for all other departments listed, pending report from Budget Analyst.

2. File 101-94-11. [Appropriation, Library] Ordinance appropriating \$1,287,000 of Library Preservation Fund Revenue for salaries, fringe benefits, non-personal and other non-personal services, materials and supplies, equipment and services of other Departments, for the Public Library for Fiscal Year 1994-95. (Implement Proposition E)

ACTION: RECOMMENDED.

3. File 101-92-10.5. [Release Reserved Funds, \$150,000] Hearing requesting release of reserved funds, Public Library, in the amount of \$150,000, to replace the heating system in the Mission Branch Library. (Public Library)

ACTION: Consideration continued to call of the chair.

4. File 251-94-2. Hearing to consider the Budget Analyst report on Compensatory Time off; legislation reforming the accrual of compensatory time off in various departments; record keeping; and legislation limiting compensatory time for certain positions. (Supervisor Conroy)
Continued from 7/27/94)

ACTION: Hearing held. Title of hearing amended. New title: Hearing to consider the Budget Analyst report on Compensatory Time off; and discussion of progress, implementation, and action on Board Resolution 484-94 and the study contemplated therein on compensatory time off practices and on overall compensation packages for executive, management, and professional employees. CONSIDERATION CONTINUED TO CALL OF THE CHAIR to be considered at the same time the Workers Compensation Task Force report is made.

5. File 97-94-30. [Compensatory Time Off] Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.15 thereto to centralize the record-keeping of all compensatory time off pay accruing to and used by all city employees. (Supervisor Conroy)
(Continued from 7/27/94)

ACTION: Consideration continued to call of the chair.

6. File 97-94-31. [Compensatory Time Off] Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.14 thereto to restrict the availability, use and accrual of compensatory time off pay for certain city employees (annual maximum pay greater than \$90,000). (Supervisor Conroy)
(Continued from 7/27/94)

ACTION: Consideration continued to call of the chair.

7. File 206-94-2. [Contribution to Housing Authority] Resolution authorizing contribution by City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving payments in lieu of taxes for fiscal years, 1990-91, 1991-92, and 1992-93. (Supervisor Kennedy)
(Continued from 7/27/94)

ACTION: TABLED.

8. File 101-93-106.1. [Human Rights Commission, Release Reserves] Hearing requesting release of reserved funds, Human Rights Commission, in the amount of \$40,000, for consultant services to assist MBE/WBE firms in achieving bonding readiness (David Castillo dba Castle Consulting/Pacific General Insurance, contractor).
(Human Rights Commission)

ACTION: Release of reserved funds in the amount of \$40,000 approved. FILED.

9. File 101-91-10.5. [Dept of Public Health, Release Reserves] Hearing requesting release of reserved funds, Department of Public Health, 1987 Mental Health Facility Improvement Bond funds, in the amount of \$733,759, to continue the construction of the Mental Health Skilled Nursing Center. (Department of Public Health)

ACTION: Release of reserved funds in the amount of \$733,759 approved. FILED.

10. File 101-94-7. [Appropriation, District Attorney] Ordinance appropriating \$113,800, District Attorney, of Jail Overcrowding Fine Revenue to allow the creation of nighttime District Attorney position to reduce jail overcrowding for fiscal year 1994-95; placing \$113,800 on reserve. RO #94015 (Controller)

ACTION: Amended on lines 1, 3, 11, 14, and 23 by replacing "\$113,800" with "\$100,391"; on line 12 replace "\$98,100" with "\$86,541"; on line 13 replace "\$15,700" with "\$13,850". New title: Ordinance appropriating \$100,391, District Attorney, of Jail Overcrowding Fine Revenue to allow the creation of nighttime District Attorney position to reduce jail overcrowding for fiscal year 1994-95; placing \$100,391 on reserve.
RECOMMENDED AS AMENDED.

11. File 102-94-3. [ASO, District Attorney, Add 1 Position] Ordinance amending the Annual Salary Ordinance, 1994-95, Office of the District Attorney, reflecting the addition of one position (Classification 8182G Head Attorney, Civil and Criminal); companion measure to File-101-94-7. (Department of Human Resources)

ACTION: RECOMMENDED.

12. File 170-94-15. [School District Facilities Improvements, 1994C Bond] Resolution providing for the issuance of \$95,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (School District Facilities Improvements, 1994), including the issuance of an initial series thereof in the aggregate principal amount of \$30,650,000 and designated as the City and County of San Francisco General Obligation Bonds (School District Facilities Improvements, 1994), Series 1994C; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto. (Chief Administrative Officer)

ACTION: RECOMMENDED.

13. File 170-94-16. [Bonds, Public Safety Improvement Projects] Resolution authorizing and directing the sale of City and County of San Francisco \$3,455,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1989), Series 1994A; \$18,100,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1990), Series 1994B; \$30,650,000 principal amount of General Obligation Bonds (School District Facilities Improvement, 1994), Series 1994C and \$10,105,000 principal amount of General Obligation Bonds (Fire Department Facilities Project, 1992), Series 1994D; prescribing the terms and form of said bonds; approving forms of official notice of sale of bonds and notice of intention to sell bonds; directing the publication of notice of intention to sell bonds; approving the official statement relating thereto; authorizing the reimbursement of certain expenditures and ratifying certain actions; and authorizing the execution of necessary documents. (Chief Administrative Officer)

ACTION: Amendment of the Whole (changing the authority to accept bids for and award the sale of bonds from the CAO to the Budget Committee) adopted. Same title. RECOMMENDED AS AMENDED.

14. File 127-94-9. [Employee License Fee] Ordinance amending Part III, Municipal Code, by adding Article 12-E (Employee License Fee Ordinance) to impose a license fee of one percent (1%) of compensation on employees performing work or rendering services within San Francisco; effective date January 1, 1995. (Supervisor Kennedy)

ACTION: Hearing held. TABLED.

15. File 101-90-129.1. [Release Funds, DPW/\$575,000/Sludge Management Plan.] Hearing requesting release of reserved funds, Department of Public Works, Clean Water Program, 1988 Sewer Revenue Bond fund, in the amount of \$575,000, for consulting services for the Sludge Management Plan (John Carollo Engineers, contractor). (Department of Public Works)

ACTION: Release of reserved funds in the amount of \$568,803 approved. See Budget Analyst report for explanation of amount released.

16. File 101-93-95.2. [Reserved Funds, Port, \$40,000] Hearing requesting release of reserved funds, Port, in the amount of \$40,000, for consulting services for plan design and production of the Port of San Francisco's Waterfront Plan (Simon Martin-Vegue Winkelstein Moris (SMWM), contractor). (Port)

ACTION: Release of reserved funds in the amount of \$40,000 approved. FILED.

17. File 101-94-8. [Appropriation, Mayor's Office of Community Dev] Ordinance appropriating \$84,023, Mayor's Office of Community Development, of dispute resolution filing fees for professional special service contracts (Dispute Resolution Program), and permanent salaries, for fiscal year 1994-95. RO #94037 (Controller)

ACTION: Amended per Budget Analyst recommendations (see file for details).
New title: Ordinance appropriating \$84,023, Mayor's Office of Community Development, of dispute resolution filing fees for professional special service contracts (Dispute Resolution Program), and permanent salaries, for fiscal year 1994-95; providing for ratification of action previously taken. RECOMMENDED AS AMENDED.

18. File 27-94-14. [Airport, Rates and Charges, Findings] Resolution making a finding that the schedule of rates and charges for common use facilities established by the Airports Commission effective July 1, 1994 will be sufficient to pay for maintenance and operation expenses of the Airport and will not require any tax subsidy; companion measure to File 27-94-14.1. (Airports Commission)

ACTION: RECOMMENDED.

19. File 27-94-14.1. [Airport, Rates and Charges, Changes to Schedule] Resolution approving changes to the schedule of rates and charges for common use facilities at San Francisco International Airport as established by Airports Commission; companion measure to File 27-94-14. (Airports Commission)

ACTION: RECOMMENDED.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

August 22, 1994

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: August 24, 1994 Budget Committee Meeting

Item 1 - File 101-94-2

Department: Mayor

Item: Annual Appropriation Ordinance for Fiscal Year 1994-95. (Rereferred to Budget Committee from full Board of Supervisors on August 15, 1994 with line item vetoes from Mayor with request to report back to Board of Supervisors meeting on August 29, 1994.)

Description: The Board of Supervisors approved the Consolidated Budget and Annual Appropriation Ordinance on July 25, 1994 and submitted it to the Mayor for approval. The Mayor has returned the Consolidated Budget and Annual Appropriation Ordinance pursuant to Section 6.206 of the City Charter with line item vetoes totaling \$800,000. According to Mr. Ted Lakey, of the City Attorney's Office, with the required eight votes the Board of Supervisors may override all or part of the Mayor's line item vetoes. If the Board of Supervisors does not override the Mayor's vetoes by August 31, 1994, the Mayor's line item vetoes will be effective. The \$800,000 of budgetary appropriations which would be reduced by the Mayor's line item vetoes are as follows:

Permanent Salaries-Miscellaneous	\$ 87,000
Overtime	60,000
Mandatory Fringe Benefits	13,000
Professional Services	38,020
Non Personal Services	<u>601,980</u>
Total	\$800,000

The reduction in Permanent Salaries-Miscellaneous of \$87,000 and the related Mandatory Fringe Benefit reduction of \$13,000 would be from the Police Department's budget. The Overtime reduction of \$60,000 includes \$40,000 in the Police Department's budget and \$20,000 in the Fire Department's Budget. The remaining \$640,000 of reductions includes \$38,020 for Professional Services and \$601,980 for Non Personal Services appropriations in 39 individual departments. A summary of these reductions by department is included as an Attachment to this report.

Ms. Teresa Lee, of the Mayor's Budget Office reports that their staff has reviewed the budget line item-by-line item since its final passage by the Board of Supervisors and prepared these recommended budget reductions using the year-end expenditure data. Ms. Lee further reports that all of these reductions are based on actual expenditure history and are not expected to result in service level reductions.

Comments:

1. According to Mr. John Madden, of the Controllers Office, the General Fund Reserve in the budget currently has a balance of \$11.6 million.
2. The Consolidated Budget and Annual Appropriation Ordinance, as approved by the Board of Supervisors, included an increase of approximately \$9.6 million in estimated revenue based on the proposed doubling of the Real Estate Transfer Tax from the current \$5.00 per \$1,000 to \$10.00 per \$1,000 on sales of property with sales prices in excess of \$250,000. This item is pending before the Board of Supervisors and is to be considered for final passage at the Board of Supervisors' meeting on August 29, 1994. The Mayor has stated that he does not support this increase and has reduced the revenue estimate of the Real Estate Transfer Tax by \$800,000 or the amount of the Mayor's line item vetoes.

3. Should the Board of Supervisors not override the Mayor's line item vetoes of \$800,000, the line item vetoes will become effective and the increase in the revenue estimate for the Real Estate Transfer Tax would be reduced to \$8.8 million instead of \$9.6 million. In the event that the line item vetoes of \$800,000 become effective and the increase in the Real Property Transfer Tax is not approved, the General Fund Reserve would be reduced by \$8.8 million from \$11.6 million to only \$2.8 million.

Recommendation: Consideration to override the Mayor's line item vetoes is a policy matter for the Board to decide.

Line Item Veto Summary

Department	Perm Misc Sal	Overtime	Fringe	Professional Svc	NonPersonal Svc	Dept Total
	01	010	699	100	190	
01/001 General Fund						
Board of Supervisors	0	0	0	0	9,000	9,000
Assessor	0	0	0	0	2,850	2,850
City Attorney	0	0	0	0	21,450	21,450
District Attorney	0	0	0	0	8,400	8,400
Public Defender	0	0	0	0	14,500	14,500
Sheriff	0	0	0	0	0	0
County Education	0	0	0	0	0	0
Treasurer	0	0	0	0	7,750	7,750
Controller	0	0	0	10,000	8,550	18,550
Trial Courts	0	0	0	0	0	0
Juvenile Probation	0	0	0	0	21,500	21,500
Adult Probation	0	0	0	0	5,100	5,100
Ethics	0	0	0	0	250	250
Mayor	0	0	0	0	9,500	9,500
Art Commission	0	0	0	0	1,950	1,950
City Planning	0	0	0	0	1,000	1,000
Civil Service	0	0	0	2,000	0	2,000
Fire Department	0	20,000	0	0	11,850	31,850
Human Resources	0	0	0	0	6,150	6,150
Human Rights	0	0	0	0	3,500	3,500
Parking and Traffic	0	0	0	0	18,450	18,450
Permit Appeals	0	0	0	0	0	0
Police	87,000	40,000	13,000	0	75,000	215,000
Public Library	0	0	0	0	0	0
Retirement	0	0	0	0	4,250	4,250
Social Services	0	0	0	0	42,150	42,150
Comm. Status of Women	0	0	0	0	1,750	1,750
Academy of Science	0	0	0	0	0	0
Fine Art	0	0	0	0	0	0
Asian Art	0	0	0	0	0	0
Law Library	0	0	0	0	0	0
CAO	0	0	0	0	550	550
Real Estate	0	0	0	0	0	0
County Agriculture	0	0	0	0	1,250	1,250
Medical Examiner	0	0	0	0	5,150	5,150
Electricity	0	0	0	0	13,650	13,650
Animal Care	0	0	0	0	1,250	1,250
Recorder	0	0	0	0	350	350
Public Admin/Guardian	0	0	0	0	4,450	4,450
Registrar	0	0	0	0	11,250	11,250
Community Health	0	0	0	0	186,000	186,000
Comm. Mental Health	0	0	0	26,020	12,450	38,470
Public Works	0	0	0	0	30,000	30,000
Purchaser	0	0	0	0	2,000	2,000
General City Resp.	0	0	0	0	0	0
Total	87,000	60,000	13,000	38,020	543,250	741,270

Department	Perm Misc Sal	Overtime	Fringe	Professional Svc	NonPersonal Svc	Dept Total
	01	010	699	100	190	
Other Funds						
Commission on Aging	0	0	0	0	2,200	2,200
Parking & Traffic-OSP	0	0	0	0	0	0
Gas Tax	0	0	0	0	0	0
Road Fund -P&T	0	0	0	0	2,500	2,500
Road Fund DPW	0	0	0	0	1,600	1,600
Recreation and Park	0	0	0	0	37,330	37,330
Muni	0	0	0	0	0	0
SFGH	0	0	0	0	15,100	15,100
LHH	0	0	0	0	0	0
Treasurer-Hotel Tax	0	0	0	0	0	0
Art Comm-Hotel Tax	0	0	0	0	0	0
CAO-Hotel Tax	0	0	0	0	0	0
Total	0	0	0	0	58,730	58,730
Grand Total	87,000	60,000	13,000	38,020	601,980	800,000

Item 2 - File 101-94-11

Department: Public Library

Item: Ordinance appropriating \$1,287,000 of Library Preservation Fund revenue for salaries, fringe benefits, non-personal services, materials and supplies, equipment and services of other departments, for the Public Library for fiscal year 1994-95.

Amount: \$1,287,000

Source of Funds: Proposition E Library Preservation Fund

Description: On June 7, 1994 a majority of San Francisco voters approved Proposition E, a Charter Amendment establishing a Library Preservation Fund. The Fund receives \$0.25 of every \$100 in assessed valuation (property tax) each year from fiscal 1994-95 through 2009-10. The Library Preservation Fund monies must be used for Public Library services and materials. The Controller has estimated that tax contributions to the Library Preservation Fund will be approximately \$13,869,065 in fiscal 1994-95.

Proposition E requires that the Public Library operate at least 26 Branch Libraries, a Main Library, and a library facility for the blind (which may be at a Branch or at the Main Library). In addition, by November 1, 1994 at least one hearing must be held at each Branch and at the Main Library to review the results of a survey of user preferences as to that facility's operating hours. By January 1, 1995, the Library Commission must establish service hours for each library facility, with total annual average service hours of at least 1,028 hours per week (an increase of 28% over the current 801 hours per week).

In order to implement the provisions of Proposition E, the Library Commission has developed a six-month plan to: (1) perform a human resource assessment of the Public Library system; (2) prepare a program budget for the Commission to consider; (3) conduct a community survey; (4) conduct public hearings to reassess the Library's mission and strategic goals; and (5) to purchase books for the "Books to Branches" program.

Budget: The budget for this phase of implementation is as follows:

A. Technical Services

Temporary Salaries

The following positions are needed to order new books, maintain records, create catalog entries and physically process the books. Part-time Library Pages are needed to unpack material and prepare books with protective coverings, labels and security strips. The following positions have been budgeted for a six month period to complete this work.

3618 Library Tech. Assistant II (1 FTE)	\$19,941
3616 Library Tech. Assistant I (4.5 FTEs)	81,862
3610 Library Assistant (3 FTEs)	49,197
3602 Library Page (1 FTE)	12,424
3602 Library Page ("as needed")	<u>37,972</u>
Total, Temporary Salaries	\$198,396

Mandatory Fringe Benefits 42,619

Other Non-Personal Services 50,000

This amount is for vendor-supplied cataloging material (records of author/title/subject with a bibliographic description and suggested classification number).

Materials and Supplies 81,092

This amount is for materials for book processing, including mylar, book detection slips, bar code labels, reinforcing tapes, video supplies and audio cassette cases, and small equipment under \$1,000.

Equipment and Books 663,996

This amount includes \$630,000 for the purchase of books, plus a total of \$33,996 for computer equipment and software to perform receiving, cataloging, inventory, and ordering of books.

Total Technical Services \$1,036,103

B. Administrative Support

Temporary Salaries

The Library will be responsible for conducting a classification survey, meeting with the labor union representatives, developing and conducting exams, and other activities related to hiring additional employees for expanded operations commencing January 1, 1995. In addition, the

Memo to Budget Committee
August 24, 1994

Library will be responsible for developing a zero based budget analysis, a program-based budget and a line item budget. The Library will also conduct public hearings, publicize the meetings, record information provided by the public, and publicize new services and hours. The following employees have been budgeted to perform these tasks for a six month period:

1244 Sr. Personnel Analyst (1 FTE)	\$29,258
1242 Personnel Analyst (1 FTE)	24,064
1820 Jr. Admin. Analyst (1 FTE)	19,184
1426 Senior Clerk Typist (1 FTE)	16,989
3610 Library Assistant ("as needed")	2,987
1446 Secretary II ("as needed")	1,817
1844 Senior Management Assistant ("as needed")	4,999
8207 Building & Grounds Officer ("as needed")	3,208
2708 Custodian ("as needed")	2,741
1771 Media Production Specialist ("as needed")	4,078
1312 Public Information Officer (1 FTE)	<u>22,159</u>
Total, Temporary Salaries	\$131,484

Mandatory Fringe Benefits 21,524

Overtime 3,000

Overtime costs would pay for clerical costs associated with the mailings and letters as a result of responses to announcements and applications for employment.

Professional Services 29,000

This amount is for a contract with MacKenzie Communications to conduct a survey of users' preferences regarding operating hours funded by the Library Preservation Fund.

Training 5,000

For new Public Library employees.

Other Non-Personal Services 2,500

Postage incurred by the mailings associated with position announcements, applications, certifications and salary surveys.

Materials and Supplies 28,889

Office supplies, equipment under \$1,000, and other miscellaneous supplies.

Services of Other Departments 29,500

The cost of printing schedules, flyers, draft plans, newsletters, and other public information is estimated at

BOARD OF SUPERVISORS
BUDGET ANALYST

\$20,000 and the cost of printing salary survey material, announcements, applications and new staff training and orientation material is estimated at \$9,500.

Total Administrative Support **\$ 250,897**

TOTAL, PUBLIC LIBRARY **\$1,287,000**

Comments:

1. Ms. Seema Grover, Finance Director of the Public Library, reports that MacKenzie Communications, the company hired to perform the community survey, is a certified WBE.

2. Ms. Grover reports that this is the first of two appropriations for fiscal 1994-95 from the Library Preservation Fund. This first appropriation is to implement the planning aspects of Proposition E, including the community survey to determine user preferences for each facility, and the budgeting process to determine staffing levels and needs for each facility. The second supplemental appropriation, which Ms. Grover reports should be submitted to the Board of Supervisors by November, 1994, will incorporate the findings of the user preference study conducted with funds from this appropriation. At that time, the Commission will present a budget which indicates which positions will be permanent and which will be temporary, and provide further detail on expenditures for staffing and other costs at each facility.

3. The proposed supplemental appropriation would fund one-time planning, needs assessment and budgeting activities for the Public Library. These activities will determine the staffing and other requirements and costs for the Public Library. The Budget Analyst will conduct a thorough evaluation of these staffing and other requirements when the Public Library submits its additional proposed supplemental appropriation ordinance to the Board of Supervisors in November, 1994.

Recommendation: Approve the appropriation of \$1,287,000 of Library Preservation Funds.

Item 3 - File 101-92-10.5

- Department:** San Francisco Public Library
- Item:** Requesting release of reserves in the amount of \$150,000 to replace the heating system in the Mission Branch Library.
- Amount:** \$150,000
- Source of Funds:** 1988 Library Improvement Bond Proceeds
- Description:** In December of 1992, the Board of Supervisors approved a supplemental appropriation (File 101-92-10.1) in the amount of \$86,213,304 in 1988 Library Improvement Bond proceeds for capital improvement projects. Of this amount, the Board placed \$6,172,083 on reserve, including \$5,216,203 for services to be performed by the Department of Public Works (DPW) and the Public Library, pending the determination of staffing requirements and the annual Salary Standardization increases for FY 1993-94 and FY 1994-95, and \$955,880 for the relocation of the Public Library's collection and for Specialized Inspection consulting services, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors. The Board subsequently released \$3,044,499 of the \$6,172,083 placed on reserve for DPW construction and project management services, Public Library project management services, and Specialized Inspection and Testing contractual services, thereby leaving a balance of \$3,127,584 on reserve.
- The Public Library is now requesting the release of \$150,000 to replace the heating system in the Mission Branch Library.
- Comment:** The Library advises that the requested release of \$150,000 is a companion measure to the Library's supplemental appropriation request of \$3,700,000 in 1988 Library Improvement Bond interest earnings, which is currently pending approval in the Mayor's Office. As such, the Library requests that the subject item (File 101-92-10.5) be continued to the call of the Chair, pending the Mayor's approval of the Library's supplemental appropriation request, so that the two items may be heard simultaneously by the Budget Committee.
- Recommendation:** Continue the request to release \$150,000 in reserved funds to the call of the Chair, pending the Mayor's approval of the Library's supplemental appropriation request, which is a companion measure to the subject request.

Items 4, 5 and 6 - Files 251-94-2, 97-94-30 and 97-94-31

Note: These items were continued from the July 27, 1994 Budget Committee meeting.

Item: Hearing to consider the Budget Analyst's report on compensatory time off; legislation reforming the accrual of compensatory time off in various departments; record-keeping; and legislation limiting compensatory time for certain positions (File 251-94-2).

Ordinance amending the San Francisco Administrative Code by adding Section 18.15 thereto to centralize the record-keeping of all compensatory time off pay accruing to and used by all City employees (File 97-94-30).

Ordinance amending Chapter 18 of the San Francisco Administrative Code by adding Section 18.14 to restrict the availability, use, and accrual of compensatory time off pay for certain City employees (annual maximum pay greater than \$90,000) (File 97-94-31).

Description: The Federal Fair Labor Standards Act (FLSA) requires that employees who are subject to its provision must be paid in cash for overtime worked, unless they and the employer agree that the employee shall receive compensatory time off (CTO) in lieu of overtime. For employees who are covered by the FLSA, the employer is legally required to pay overtime or grant compensatory time off.

However, some employees are not covered by the FLSA. Generally, such "exempt" employees must hold positions which are executive, administrative, or professional in nature.

The question of whether certain public employees are exempt from the FLSA is currently being litigated in Federal court. According to the City Attorney's Office, depending on the outcome of this litigation, the City could be required to pay all or some of its currently exempt employees in cash at time and one-half for their hours of overtime work, regardless of the nature of their duties.

Civil Service classifications which are exempt from the FLSA are denoted with a "Z" classification by the Civil Service Commission. The Civil Service Commission determines whether any specific classification is exempt from the FLSA on an individual basis. In an October 26, 1993 report to the Board of Supervisors concerning Compensatory Time Off, the Budget Analyst has previously reported that 4,441 or 18.9 percent of

the 23,470 positions included in the 1993-94 budget are classified as exempt from the FLSA and are not entitled to cash payments for overtime worked.

Eligibility for Compensatory Time Off

At the present time, the City's Annual Salary Ordinance (ASO) provides that the 4,441 "Z" employees who are exempt from the FLSA may receive compensatory time off at time and one-half for hours worked in excess of 40 hours per week. The ASO specifically provides:

Occupants of the position specified by symbol "Z" shall work such hours as may be necessary for the full and proper performance of their duties and shall receive no additional compensation for work on holidays or in excess of 8 hours per day for 5 days per week, but may be granted compensatory time off under the provisions of Section V (B) of the Salary Standardization Ordinance...

Section V (B) of the Salary Standardization Ordinance (SSO) states that,

Employees occupying positions determined by the Civil Service Commission as being exempt from the FLSA and designated by a "Z" shall not be paid for overtime worked but may be granted compensatory time off at the rate of one and one half times for time worked in excess of normal work schedules.

However, there are no existing policies in the ASO, SSO, or the Administrative Code concerning the oversight or approval of compensatory time for exempt employees.

Existing Limits on Number of Overtime Hours Worked

Section 18.13(a) of the Administrative Code prohibits any employee from working overtime hours in any fiscal year that exceed 16 percent of the regular work schedule. Based on a 40-hour work week, a regular work schedule over one year would entail 2,080 hours of work; 16 percent of the regular work schedule would be 333 hours. Thus, the Administrative Code currently prohibits any employee who regularly works 40 hours per week from working more than 333 hours of overtime in any fiscal year.

Existing Limits on the Accumulation of CTO

The Salary Standardization Ordinance provides that non-exempt employees (who are subject to the FLSA) may not accumulate more than 240 hours of compensatory time off,

calculated at time and one half (which is equivalent to 160 hours of actual work performed in excess of 40 hours per week). However, there is currently no limit on the number of hours of compensatory time off which may be accrued by "Z" employees who are exempt from the FLSA.

As reported in the Budget Analyst's October 26, 1993 report to the Board of Supervisors, there are no City-wide policies at the present time concerning the accumulation or use of compensatory time off by "Z" employees. Rather, individual departments have established their own policies concerning which employees qualify for compensatory time off, the maximum amount of CTO which can be accumulated or carried forward from one fiscal year to the next, requirements for approval, and record-keeping systems.

Effects of the Proposed Legislation

The proposed hearing (File 251-94-2) is to consider the Budget Analyst's report on compensatory time off; to consider legislation reforming the accrual of compensatory time off in various departments; to consider record-keeping, and to consider legislation limiting compensatory time for certain positions.

The proposed ordinance (File 97-94-30) would amend the Administrative Code by adding Section 18.15 to centralize the recordkeeping of all overtime and compensatory time off accruing to and used by all City employees.

The proposed ordinance (File 97-94-31) would do the following:

- Amend the Administrative Code by adding Section 18.14 to restrict the availability, use, and accrual of compensatory time off for City employees who are exempt from the FLSA, if (1) the employee's classification has a maximum annual salary amount greater than \$90,000, or (2) the employee is an appointing officer, director of any City agency or department, or otherwise holds a position designated by the Department of Human Resources as executive management, regardless of the annual maximum pay for the position;
- Provide that CTO which has already accrued for employees who are subject to the proposed ordinance (as described above) may be taken at the discretion of the appointing officer, subject to the Controller's certification that all CTO hours proposed to be taken have been properly documented and approved by the appointing officer;

- Prohibit subject employees (as described above) from receiving a cash payment for CTO balances after the employee's last day of work in any department or upon transfer between departments; and
- Not affect any obligations imposed by a valid collective bargaining agreement between the City and a recognized labor organization.

Comments:

1. In a report to the Board of Supervisors of October 26, 1993, the Budget Analyst has previously estimated that exempt and non-exempt City employees had accumulated a total of 445,625 hours of compensatory time off as of October, 1993. The majority of these hours (63 percent) had been accumulated by Police and Fire Department employees, as follows:

<u>Department</u>	<u>Number of CTO Hours Accrued</u>	<u>Percent of Total</u>
Fire	196,143	44
Police	84,236	19
All Other Departments	<u>165,246</u>	<u>37</u>
Total	445,625	100

The average was 20 hours of CTO accumulated per employee, among City employees who had accumulated compensatory time off as of October, 1993. Excluding the Police and Fire departments, employees in all other departments had accumulated an average of nine hours of compensatory time off per employee as of October, 1993.

2. As previously noted, the Budget Analyst determined that 4,441 employees (or 18.9 percent of 23,470 total authorized positions) were exempt from the FLSA in 1993-94.

Assuming that each of these 4,441 exempt employees had accumulated 9 hours of CTO each (based on the average CTO per employee in all departments other than Police and Fire), and based on the average salary and fringe benefit costs of City job classifications, as reported by the Civil Service Commission, of approximately \$50,000 per annum (\$24 per hour), the Budget Analyst estimated that the City's total liability for CTO which had accrued to exempt employees as of October, 1993 was \$959,256 (4,441 exempt employees x 9 hours CTO per exempt employee x \$24/hour).

It could not be established how many accumulated CTO hours which were reported by City departments in October, 1993 had

been accumulated in a single fiscal year. Therefore, the City's annual cost for CTO hours used or accumulated by City employees in a single fiscal year could not be determined. Our \$959,256 estimated cost for CTO of exempt employees represents the City's total liability for CTO hours which had been accumulated by exempt employees as of October, 1993, regardless of the fiscal year when the hours were earned based on the departments which responded to the survey of the Budget Analyst.

3. The proposed ordinance (File 97-94-31) would prohibit exempt employees in classifications with a maximum annual salary of \$90,000, or in executive management positions, from accruing compensatory time off.

The Civil Service Commission has provided a listing of City job classifications ranked by salary amount. This list reflects that the 1994-95 budget includes a total of 520 authorized positions which have maximum annual salaries greater than \$90,000, and that 466 of these are designated "Z" or are exempt from the FLSA.

At the present time, the average number of CTO hours which are used or accumulated by employees in these classifications is not known. However, for purposes of illustration, the following dollar amounts approximate the City's minimum annual cost to provide the number of CTO hours shown below for 466 employees that the designated "Z" or are exempt from the FLSA and who earn more than \$90,000 annually (based on an hourly rate of \$47.60 including \$90,000 salary and fringe benefits of approximately ten percent):

<u>No. of CTO hours</u> <u>Per Employee Per Year</u>	<u>Minimum</u> <u>Annual Cost for</u> <u>466 Employees*</u>
10	\$221,816
20	443,632
40	887,264
80	1,774,528

*Based on 466 employees earning CTO at an hourly rate of \$47.60, equivalent to \$90,000 annually plus fringe benefits.

However, it should be noted that some of these employees who work in excess of a normal work schedule do not record such hours or request credit for their CTO.

4. The proposed ordinance (File 97-94-30) would amend the City's Administrative Code by adding Section 18.16 to require centralized recordkeeping of compensatory time off pay. Specifically, each City department would be required to report to the Controller each pay period concerning all overtime and compensatory time off which was accrued and paid out. The Controller would be required to maintain records of overtime and compensatory time off balances and payments, and to submit semi-annual reports to the Board of Supervisors concerning CTO and overtime payments and outstanding balances.

Mr. Ed Harrington, the City Controller, states that he supports efforts to reform the City's current policies concerning compensatory time off. Mr. Harrington states that the City's existing payroll system could be used to report compensatory time off and overtime hours, just as it is currently used to track vacation and sick leave hours.

However, Mr. Harrington indicates that, in his opinion, it would be appropriate to start the Citywide tracking of CTO only after establishing Citywide policies for CTO accumulation and use. Mr. Harrington is concerned that Citywide tracking of CTO before Citywide policies are established would create multiple policies, give the hours previously accumulated under various plans the appearance of being officially accepted, and expose the City to potential additional liability for accumulated CTO hours that would not ultimately be acceptable under a new policy.

In addition, Mr. Harrington has expressed concern that, by utilizing the City's centralized payroll records systems to monitor compensatory time, compensatory time may have to be recognized under generally accepted accounting principles as a legal liability of the City. If CTO is recognized as a legal liability of the City, the City's financial statements would have to reflect this liability. Mr. Harrington notes that the City ended the 1992-93 fiscal year, for the first time, with a negative fund balance, meaning that the City's liabilities exceeded its assets on June 30, 1993. Although the City has a preliminary ending positive fund balance on June 30, 1994 of approximately \$2.9 million, Mr. Harrington advises that the fund balance could again be negative, if CTO is deemed to be a legal liability of the City.

Mr. Harrington also notes that increasing the City's financial liabilities, relative to its assets, could adversely affect the City's bond rating, resulting in higher interest costs for borrowed funds.

5. Mr. Pryor states that the City's policy concerning compensatory time off for employees exempt from the Fair Labor Standards Act should be developed in the context of evolving case law concerning CTO for municipal employees. In particular, Mr. Pryor notes that a case will be heard before the U.S. Supreme Court to determine whether a municipal employer who requires employees to record their hours may or may not exempt its employees from the FLSA. In other words, by requiring hourly recordkeeping, the City could jeopardize the classification of certain employees as exempt from the FLSA, according to Mr. Pryor.

Mr. Pryor reports that, in his judgement, it is probably not a prevailing practice to provide compensatory time off to employees who are exempt from the FLSA. However, Mr. Pryor reports that the prevailing practice instead is probably to grant 2 to 10 days of administrative leave annually for exempt employees. Mr. Pryor states that the prevailing practice will be documented and analyzed as part of a comprehensive compensation and classification study of all City positions which is currently being planned by the Department of Human Resources.

Regardless of the specific leave policy which is adopted for the City's exempt employees, Mr. Pryor advises that the City should not refer to such leave as "compensatory time" because of the unresolved legal issues which pertain to compensatory time in the public sector.

6. Mr. Pryor reports that the proposed ordinance (File 97-94-31) to prohibit compensatory time off pay for certain employees is subject to meet and confer proceedings with employee organizations. Mr. Pryor reports that the Employee Relations Division of the HRD has already commenced meet and confer proceedings with the Management Employees Association (MEA) which represents managerial and executive employees. Mr. Pryor anticipates that meet and confer proceedings with the MEA will be completed before the Budget Committee meets on August 24, 1994. Mr. Pryor reports that he will attend the August 24, 1994 Budget Committee meeting to report on the outcome of those meetings.

7. In our report of October 26, 1993 concerning compensatory time off, the Budget Analyst recommended that the Board of Supervisors should:

(1) Prohibit the accumulation and use of compensatory time off for all executive, administrative and professional employees, unless countermanded by labor agreements;

(2) Adopt legislation requiring:

(A) that all compensatory time earned and taken off by employees subject to the provisions of the Fair Labor Standards Act must require prior approval by the employees' supervisors; and

(B) that the Controller should be requested to provide a standardized method of accounting and tracking of compensatory time earned and taken off for all departments; and,

(3) Submit a Charter Amendment to the electorate that would require that Memoranda of Understanding established through binding arbitration be subject to Board of Supervisors approval.

The proposed ordinance (File 97-94-31) would restrict compensatory time off for all executive, managerial, or executive employees to the extent that these employees are (1) exempt from the FLSA and (2) are either employed in classifications having maximum annual salaries greater than \$90,000, or serve as appointing officers or department heads regardless of the maximum annual salary for their positions.

The proposed ordinance (File 97-94-30) would have the Controller provide a standardized method of accounting and tracking CTO which is accrued and taken by all City employees.

8. The Government Efficiency and Labor Committee continued to the call of the Chair a proposed ordinance (File 97-94-26) at its August 16, 1994 meeting that would amend the Administrative Code by adding a new Section 18.14 to place restrictions on the use and accrual of compensatory time off for certain City employees. That proposed ordinance (File 97-94-26) would prohibit CTO for exempt employees in classifications which have a maximum annual salary greater than \$100,000.

Recommendations:

1. Approve the proposed ordinance (File 97-94-30), which would amend the Administrative Code to centralize the recordkeeping of all compensatory time off pay accruing to and used by all City employees.

Memo to Budget Committee
August 24, 1994

2. Approval of the proposed ordinance (File 97-94-31), to restrict the availability, use, and accrual of compensatory time off pay for certain City employees, is a policy matter for the Board of Supervisors.

Item 7 - File 206-94-2

Note: This item was continued by the Budget Committee at its meeting of July 27, 1994.

1. This item is a resolution that would authorize a contribution by the City and County of San Francisco to the Housing Authority of the City and County of San Francisco by waiving Payments In Lieu of Taxes (PILOT) for fiscal years, 1990-91, 1991-92 and 1992-93.

2. As stated in a cooperative agreement between the City and County of San Francisco and the San Francisco Housing Authority (SFHA) dated January 21, 1965, the SFHA public housing developments are exempted from all real and personal property taxes and special assessments collected by the local tax collector. However, in place of that exemption, the SFHA has agreed to make alternative payments referred to as "payments in-lieu of taxes" (PILOT) annually which equal 10 percent of the total rents charge to SFHA public housing development tenants during the fiscal year.

3. As provided for in the Housing Act of 1937, municipal government can require local housing authorities to render a PILOT in order to allow compensation to local governments for general municipal services that benefit public housing residents such as police, fire, recreation and health services.

4. Prior to Fiscal Year 1982-83, the SFHA paid its PILOT obligations when funds were available. Between 1983-84 and 1989-90 the Board of Supervisors, at the request of the Mayor, waived the SFHA annual PILOT obligation due to financial difficulties claimed by the SFHA and reviewed by the Budget Analyst. The amount of PILOT payments waived during this seven year period totaled approximately \$4.2 million.

5. In May of 1990, the SFHA again requested, through the Office of the Mayor, that the Board of Supervisors waive its PILOT for 1990-91. However, this request was not forwarded to the Board of Supervisors for approval. Although the Board of Supervisors did not approve the waiver for 1990-91, the SFHA did not budget the needed amount for the anticipated PILOT payment in their annual budget for operating funds with the U. S. Department of Housing and Urban Development (HUD). Such funds were not needed in previous years because the PILOT obligation had been waived by the Board of Supervisors.

6. For the next three years 1991-92 through 1993-94, the Board of Supervisors did not waive the PILOT and the SFHA did not budget the estimated cost of the PILOT obligation in their annual HUD program budgets. In total, the four most recent annual HUD funding requests did not budget PILOT funds even though no waiver of the PILOT obligation had been approved by the Board of Supervisors for those four years.

7. The SFHA did subsequently request the Mayor on February 2, 1993 to seek Board of Supervisors approval to waive the PILOT for 1991-92 after that

budgeted year had already been completed. In that request, the SFHA did not refer to the fact that the previous SFHA request to waive the PILOT for 1990-91 was still pending.

8. On November 12, 1993 the SFHA advised the Budget Analyst that their request for a waiver of the 1992-93 PILOT had not yet been submitted because the actual PILOT computation could not be completed until after the end of the SFHA's fiscal year on September 30, 1993. On February 14, 1994 the SFHA submitted a request for that waiver totaling \$613,932, but again did not refer to the fact that two previous SFHA requests for waivers were still pending.

Comments

1. The Budget Analyst completed a management audit of the San Francisco Housing Authority in November 1993. Included in that audit is a recommendation that the SFHA immediately pay its prior PILOT obligations that have accumulated over the past three years and which are owed to the General Fund and to other Funds and Jurisdictions including the Open Space Acquisition Fund, Children's Fund, County Superintendent of Schools, the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District. Those amounts are currently estimated to be:

<u>Fiscal Year</u>	<u>City's General Fund</u>	<u>Other Funds and Jurisdictions</u>	<u>Total Payment</u>
1990-91	\$612,232	\$88,116	\$700,348
1991-92	538,800	77,550	616,350
1992-93	<u>529,015</u>	<u>84,917</u>	<u>613,932</u>
Totals	\$1,680,047	\$250,583	\$1,930,630

2. The \$250,583 is divided among these Other Funds and Jurisdictions as follows: Open Space Acquisition Fund - \$48,262; Children's Fund - \$7,674; County Superintendent of Schools - \$1,880; San Francisco Unified School District - \$148,643; San Francisco Community College District - \$27,887; Bay Area Air Quality Management District - \$4,025; and Bay Area Rapid Transit District - \$12,212.

3. Since the completion of the SFHA Management Audit report, the SFHA has estimated the PILOT payment for FY 1993-94 which is \$592,140. The \$592,140 is an additional amount due and owed to the City and would be distributed as follows: General Fund - \$502,835; Open Space Acquisition Fund - \$14,804; Children's Fund - \$14,804; County Superintendent of Schools - \$576; San Francisco Unified School District - \$45,588; San Francisco Community College District - \$8,553; Bay Area Air Quality Management District - \$1,235; and Bay Area Rapid Transit District - \$3,745.

4. Although the SFHA has reported an operating reserve balance of \$9.2 million as of September 30, 1992, which could be used to pay its PILOT obligation for the last several years, the SFHA advised the Budget Analyst in responding to the management audit of the Budget Analyst that "further reductions in the operating reserve balance could seriously undermine the financial stability of the SFHA" which could result in their re-designation as a "troubled" housing authority. The Budget Analyst believes such a statement is inaccurate and highly misleading.

5. The SFHA reports a current reserve balance of \$8.7 million and the 1994-95 Operating Budget would reduce that reserve by \$2.5 million from \$8.7 million to \$6.2 million. Based on the HUD procedure which calculates the operating reserve indicator for the Public Housing Management Assessment Program (PHMAP) certification, which is one of 12 performance indicators to determine if a housing authority is "standard" or "troubled", the SFHA would have a 31.2 reserve percentage and score 7 out of 10 points for that indicator. If the SFHA deducted \$1.9 for its PILOT obligation from the remaining \$6.2 million reserve leaving \$4.3 million in order to pay its PILOT for FY's 1990-91, 1991-92 and 1992-93, the SFHA would have a 21.6 reserve percentage and still score 7 out of 10 points. Under these circumstances the payment of \$1.9 million from the SFHA reserve would have no current effect on the SFHA's current PHMAP scoring for the reserve indicator.¹

6. The SFHA reserve of \$6.2 million (prior to paying the PILOT) as a percentage of their total operating expenditures of \$40,708,750 for FY 1994-95 is 15.2 percent. This is substantially higher than the City's recommended General Fund Reserve of \$10.0 million which is 0.7 percent of the City's total General Fund budget of \$1,365,273,646. In comparison the SFHA reserve percentage is 21.7 times greater. If the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million, as the result of making the \$1.9 million PILOT payment, the remaining reserve would be 10.6 percent of the SFHA's total operating expenditures. This would still be 15.1 times greater than the City's percentage of General Fund reserve to the City's total General Fund budget for FY 1994-95.

7. The SFHA further responded to the Budget Analyst's management audit report that a portion of the approximately \$1.8 million paid annually by the SFHA to the San Francisco Police Department for supplemental police services in public housing developments during the three fiscal years in question actually paid for routine services. The SFHA responds that the Police Department was supposed to have provided these services at no cost to SFHA.

8. The Chief of Police has provided a letter on this matter dated June 28, 1994 (Attachment). Chief Ribera advises that "While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively." In addition, Chief Ribera states that "This contract

¹PHMAP ratings for Operating Reserves include (1) 40% and over = 10 points, 20% to 39% = 7 points, under 20% = 0 points.

provides approximately \$1.8 million dollars annually for supplemental policing in this critical area of need: public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost."

9. The Budget Analyst continues to recommend that the SFHA should immediately pay from existing SFHA reserves its past PILOT obligations for Fiscal Years 1990-91, 1991-92, and 1992-93 for an estimated total of \$1,930,630 of which \$1,680,047 would be deposited into the General Fund and \$250,583 would be paid to other jurisdictions as identified above in Comment 2. According to its proposed HUD Low Income Operating Budget for FY 1994-95, the SFHA will reduce its overall staff by 53 administrative positions by October 1, 1994. However, the 1994-95 proposed HUD budget indicates only a \$880 reduction in salaries. The Budget Analyst has requested more information on proposed salaries but Mr. Eugene Jones of the SFHA advises that SFHA is too busy to provide such detail. Under these circumstances, and based on an average salary and benefit cost of \$48,000 per position, the SFHA could transfer \$1,908,000 (based on nine months) in administrative costs (excluding overhead) to its operating reserve or to other needed activities. The reduction of 53 administrative positions for the nine month period October 1994 - June 1995 would make up 98.8 percent of the needed PILOT payments for FY's 1990-91, 1991-92 and 1992-93 (\$1,908,000 divided by \$1,930,630).

10. The plan of the Budget Committee, in balancing the City's 1994-95 budget, is based on a 1994-95 PILOT payment by the SFHA of \$1,000,000 to the City's General Fund. The Controller has advised that, for the General Fund to benefit by \$1,000,000, a payment by the SFHA of \$1,144,000 would be needed.

11. As stated above in Comment 6, even if the SFHA reserve were reduced by \$1.9 million from \$6.2 million to \$4.3 million in order to pay the PILOT for FY's 1990-91, 1991-92 and 1992-93, the remaining reserve percentage would still be 15.1 times greater than the City's percentage of its General Fund Reserve to the City's total General Fund budget.

Recommendations

1. Disapprove the proposed resolution which would waive the PILOT payments totaling \$1,930,630 from SFHA of which \$1,680,047 would be paid to the City's General Fund and \$250,583 would be collectively paid to the Open Space Acquisition Fund (\$48,262), the Children's Fund (\$7,674), the County Superintendent of Schools (\$1,880), the San Francisco Unified School District (\$148,643), the San Francisco Community College District (\$27,887), the Bay Area Rapid Transit District (\$4,025) and the Bay Area Air Quality Management District (\$12,212).

Memo to Budget Committee
August 24, 1994

2. Immediately demand payment from the SFHA for the FY's 1990-91, 1991-92, 1992-93 and 1993-94 PILOT payments in the estimated amount of \$2,522,770 (\$1,930,630 plus \$592,140) which is due and owed to the City and to other Funds and Jurisdictions.



POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

ANTHONY D. RIBERA, Ph.D.
CHIEF OF POLICE

June 28, 1994

The Honorable Tom Hsieh
Board of Supervisors
City and County of San Francisco
City Hall, Room 235
San Francisco, CA 94102

Dear Supervisor Hsieh:

It has been brought to my attention that you are concerned about possible problems with the supplemental policing agreement between the Housing Authority and the San Francisco Police Department.

While there have been some minor difficulties in the past, regarding the number of hours, or deployment of personnel, they have been resolved and the current working relationship is functioning effectively.

This contract provides approximately 1.8 million dollars annually for supplemental policing in this critical area of need; public housing. This supplemental program is in addition to the normal police patrol provided to all citizens at no cost.

I am hopeful this extremely beneficial arrangement for the protection of the citizens of San Francisco will continue.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Ribera".

ANTHONY D. RIBERA
Chief of Police

LR/Es

cc: Ken Bruce

0958G/55

Item 8 - File 101-93-106.1

Department: Human Rights Commission (HRC)

Item: Release of reserved funds for the Human Rights Commission, in the amount of \$40,000, for consultant services to assist MBE/WBE firms in achieving bonding readiness.

Amount: \$40,000

Source of Funds: General Fund - (included in HRC's 1994-95 budget)

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance in the amount of \$500,000 for the establishment of a Bond Support Program for certified MBE and WBE firms (File 101-93-106). At the same time, the Board placed \$40,000 of the \$500,000 on reserve for consultants pending the selection of a consultant, the submission of budget details, and the MBE/WBE status of the consultant.

The HRC advises that, through its Request for Proposals (RFP) process, it has selected Castle Consulting/Pacific General Insurance, a certified MBE firm, as the best qualified firm to provide the necessary technical assistance to MBE and WBE firms seeking the services of surety bond companies. HRC states that Castle Consulting/Pacific General Insurance has extensive experience in bonding assistance and management consulting, including successful contract experience with another municipality in the area of MBE bonding assistance. Specific services to be provided by this consultant firm include (1) outreach and comprehensive technical assistance to 15 eligible MBE and WBE contractors and (2) negotiations with surety bond companies. HRC advises that Castle Consulting/Pacific General Insurance will be paid a flat fee of \$40,000 for the provision of these services. Castle Consulting/Pacific General Insurance's hourly rate is \$150.

Comment: Under the City's Bond Support Program, the City will provide a total of \$460,000 in security guarantees to private surety bond companies in order to encourage those companies to issue surety bonds to MBE and WBE firms. The City will provide up to five percent of the total bond amount for individual public works

projects, for which bonding requirements are imposed by State or City law, providing that the total contract cost does not exceed \$2 million. Only certified MBE and WBE firms would be eligible for the Program. The security guarantee is the amount which the City pays to the surety bond company protecting the surety bond company against loss if the contractor defaults. If a contractor defaults, the surety bond company may retain the security guarantee. A surety bond company provides security to the City by issuing to a contractor a surety bond in the amount of the contractor's bid, which guarantees that the contractor is able to fully perform the contract. If the contractor fails to perform the contract, the surety bond must pay all related damages.

Recommendation: Approve the proposed release of reserve funds in the amount of \$40,000.

Item 9 - File 101-91-10.5

Department: Department of Public Health (DPH)
Community Mental Health Services

Item: Request to release \$733,759 of reserved funds from 1987 Mental Health Facility Improvement Bond funds, to complete construction of the Mental Health Skilled Nursing Center.

Amount: \$733,759

Source of Funds: 1987 Mental Health Facility Improvement Bond funds

Description: On June 26, 1991, the Board of Supervisors approved an ordinance (File 101-91-10) to appropriate \$23 million of 1987 Mental Health Facility Improvement Bonds for the purpose of constructing a Mental Health Skilled Nursing Facility. Of the \$23 million appropriated, a total of \$21,624,800 was placed on reserve for construction costs pending departmental submission of contractors, their MBE/WBE/LBE status, and specific cost details. In August, 1992, S.J. Amoroso Construction was selected as the contractor, and the Board of Supervisors released \$19,223,287 (File 101-91-10.1), leaving \$2,401,513 on reserve. In October of 1993, the Board of Supervisors released \$1,035,000, leaving \$1,366,513 on reserve. In April 1994 the Board of Supervisors released \$632,500 for construction of the facility's parking lot, leaving a balance of \$734,013 on reserve.

The DPH is now requesting the release of \$733,759 from this reserve, which would leave \$254 on reserve. This \$733,759 would be used to repair 99 windows, to perform other internal building upgrades, and to fund additional management and inspection fees. The primary construction on the Skilled Nursing Center was originally scheduled to be completed July 1, 1994, but this date was revised to October 20, 1994 due to adverse weather conditions and the window repair work. The secondary site work (consisting of the construction of the parking lot) was originally scheduled to begin upon the completion of the primary construction and was to be handled separately to insure MBE participation. Due to the almost 100% increase in MBE participation by the primary contractor, S.J. Amoroso, the Human Rights Commission agreed to the continuation of the work by this contractor, allowing the secondary site work (which was anticipated to be completed by the end of November 1994) to be done simultaneously with the primary construction. This action has allowed the project to proceed on time.

Budget:

The project budget is as follows:

Corrective work to windows	\$318,266
Additional building upgrades*	259,782
Additional management and inspection fees**	<u>155,711</u>
Total	\$733,759

* See Attachment for a detailed itemization of proposed building upgrades.

** These fees are for Bureau of Building Inspection (BBI) and Bureau of Construction Management (BCM) services.

S.J. Amoroso is the general contractor for the Skilled Nursing Facility, and the existing contract with S.J. Amoroso has been augmented to include the corrective work on the windows, and will be augmented to include the building upgrades listed above.

Construction costs for the corrective work to the windows includes:

Agreed upon costs:

General contractor's labor, material and fixed cost	\$68,545
Exterior finish demolition and reapplication	159,341
Sheet metal flashing (waterproofing)	17,366
Removal and replacement of brick veneer	12,622
Painting	1,950
General contractor's overhead (10.4%)	27,138
Bond and insurance (1.5%)	<u>4,304</u>
Total agreed upon costs	\$291,266

Costs under negotiation:

Superior Tile (brick veneer)	\$ 7,000
Harmon (window supplier)	<u>20,000</u>
Total costs under negotiation	<u>\$27,000</u>

TOTAL, WINDOW REPAIR \$318,266

Comments:

1. Ms. Phyllis Harding, Associate Administrator for San Francisco General Hospital (SFGH) and Project Director for the Skilled Nursing Facility, reports that during the construction phase, it was discovered that a particular window assembly design detail allowed water to penetrate behind the window frame. The assembly design detail applied to 99 locations where the window frame was installed against the brick veneer. The design detail was revised and repairs were made at each of the locations. Work was performed expeditiously to mitigate the impact on the project schedule.

DPH is requesting the release of the full amount of the repair costs of \$318,266 shown above, but DPH has entered into negotiations with the Architect to determine the extent of the Architect's responsibility for this cost, and recover such amount in cash or in additional architectural services. Any cash settlement would be returned to the building fund for any additional project costs.

2. As noted above, \$291,266 of the \$318,266 window repair costs have been agreed upon by the contractor, S.J. Amoroso, and the Department of Public Works (DPW). Mr. Michael Lane of DPW reports that additional costs of approximately \$27,000, consisting of approximately \$20,000 from Harmon, the supplier of the windows, and an additional approximately \$7,000 from Superior Tile, the subcontractor for the brick veneer, are under negotiation. Mr. Lane reports that DPW is currently negotiating with Harmon and Superior Tile regarding these costs, such that \$27,000 represents the maximum cost to the City. Any excess funds would be returned to the building fund for any additional project costs.

3. The Attachment shows the list of additional building upgrades. The total cost of these building upgrades is \$659,782, \$400,000 of which was previously released (File 101-91-10.1). The balance of \$259,782 (\$659,782 less \$400,000) is being requested at this time. The building upgrades generally consist of protective devices or reinforcement designed to increase facility safety and decrease long-run maintenance costs.

4. As previously noted, release of the \$733,759 from project reserve will result in a reserve balance of \$254. Ms. Harding reports that there may be additional construction costs associated with the completion of the project, but noted that the Treasurer's estimates indicate there is approximately \$1.5 million of accrued interest from the Series 1987 and Series 1991 Mental Health Facility Improvement Bond Funds that is available for completion of this project. Ms. Harding reports that this amount will be sufficient for any anticipated additional project costs.

Recommendation: Release the requested \$733,759 in reserved funds.

A LISTING OF COMMITTED AND PENDING UPGRADES TO THE FACILITY

Committed

Addition of Fire Retardant Plywood to the Walls	\$ 98,341
Increase the Cab Width of Elevators to Comply with ADA	\$ 8,538
Upgrade and Install Corner Guards	\$ 5,171
Upgrade the Hardware Locksets and Panic Bolts	\$ 8,580
Relocation of Telephone Conduits in Nursing North	\$ 823
Upgrade the Glass in the Facility to a More Secure Type	\$ 9,570
Install Lockers in the Changing Rooms	\$ 8,215
Install Patient Room Reading Lights	\$ 31,000
Revise the Data/ Communication Conduit System	\$ 17,341
Install Built In Patient Wardrobes	\$175,000
Install Plumbing to the Gazebo	\$ <u>2,595</u>

Total Committed

\$ 365,174

Pending

Furnish and Install a Movable Filing System	\$ 36,000
Install Conduit and Conductors for the EMS System	\$ 4,028
Replace Leaf of Iron Gate at the Entrance to the Facility	\$ 3,130
Install Owner Check Meter Downstream of PG&E	\$ 2,300
Add Four Duplex Outlets to the Classroom	\$ 1,550
Add Ladders to the Air Handlers and a Ramp over the Ducts	\$ 6,500
Add Keyed Switch to the Nursing Building Elevators	\$ 3,200
Add Phone Outlets to Rooms S0044 and S1053	\$ 500
Upgrade the Fire Alarm System to ADA Requirements	\$ 15,000
Add Signage to Doors in Three Languages	\$ 22,400
Furnish and Install Wire and Cabling for Phone System	\$200,000

Total Pending

\$294,608

TOTAL PENDING AND COMMITTED

\$659,782

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

Items 10 and 11 - Files 101-94-7 and 102-94-3

Department: District Attorney

Items: Item 10, File 101-94-7 - Supplemental Appropriation Ordinance appropriating \$113,800 of Jail Overcrowding Fine Revenue to create a nighttime Assistant District Attorney for FY 1994-95, and placing the \$113,800 on reserve.

Item 11, File 102-94-3 - Ordinance amending the 1994-95 Annual Salary Ordinance, to reflect the addition of one position in the Office of the District Attorney.

Amount: \$113,800

Source of Funds: Jail Overcrowding Fine Revenue - Under Federal Court order, the City is fined \$300 per prisoner over capacity per day. The City, pursuant to Federal Court requirements, sets aside General Fund monies for the payment of these fines in the Jail Fine Escrow Account. According to the Controller's Office, as of August 22, 1994, there is a balance of \$285,800 in this account.

Description: The District Attorney reports that a nighttime Assistant District Attorney position (9 hours from 2:00 pm to 11:00 pm), was previously being paid for from Narcotics Forfeiture funds. This position was a workorder position from the Police Department which was inadvertently not included in the Annual Salary Ordinance when the position was established approximately three years ago. Effective March of 1994, the Narcotics Forfeiture funds were no longer available to fund this position and the staff person occupying this position was reassigned to other duties. (see Comment 1 below). Ms. Bridgette Banes of the District Attorney's Office advises that the staff person in question, does not occupy an existing position and has been filling in for staff who are on medical leave and vacation and has additionally absorbed some duties in the Department's re-bookings unit, which has been understaffed due to budget constraints. According to Ms. Banes, if the proposed ordinances are approved, this staff person would be reassigned to the nighttime District Attorney position.

The District Attorney's Office advises that the nighttime District Attorney position had been responsible for reviewing felony cases, which were booked at night, in order to determine if there was sufficient evidence to sustain the felony booking or if the case should be reduced to a misdemeanor or rejected due to the lack of evidence. The District Attorney's Office states that in those instances where cases were rejected due to the

lack of evidence, the suspects in question were released, resulting in a reduction in the jail population. According to the District Attorney's Office, without the nighttime District Attorney position such suspects are, at a minimum, detained overnight while awaiting a review of their case by a District Attorney the following day.

The District Attorney's Office reports that since the nighttime Assistant District Attorney position assisted in reducing jail overcrowding, and since the Narcotics Forfeiture funds are not available at this time, Mr. Allen Breed, Special Master of the Federal Court has concurred with the District Attorney's Office that it would now be appropriate to use Jail Overcrowding Fine Revenue to fund this position and has tentatively agreed to allow such Jail Overcrowding Fine Revenues to be used for this purpose, providing that such funding does not extend beyond FY 1994-95. Mr. Breed, as Special Master, is the representative of the Federal Court Judge and is responsible, in part, for overseeing the City's compliance with the Federal Court order pertaining to jail overcrowding, verifying the payment of fines and preparing status reports on the City's compliance with the Federal Court order. Mr. Ted Lakey of the City Attorney's Office, advises that the Jail Overcrowding Fine Revenue can be legally used to pay for the proposed position based on the Federal Court's decision that it is permissible to do so.

The proposed supplemental appropriation ordinance (File 101-94-7) in the amount of \$113,800 (\$98,100 in salary plus \$15,700 (16%) in fringe benefits) was estimated by the Mayor's Office to fund a new nighttime District Attorney position (Head Attorney, 8182G) for the period July 1, 1994 through June 30, 1995 (see Comment 2 below).

The proposed ordinance (File 102-94-3) would amend the FY 1994-95 Annual Salary Ordinance to establish one new, limited tenure, position in the District Attorney's Office as follows:

<u>Classification/Title</u>	<u>No. of Positions</u>	<u>Bimonthly Salary</u>	<u>Maximum Salary At Top Step</u>
8182G Head Attorney	1	\$3,327/ 4,044	\$105,548

Comments:

1. Captain Gregory Corrales of the Police Department reports that Narcotics Forfeiture funds are collected under the provisions of both State and Federal legislation. Captain Corrales advises that a legal question has arisen regarding

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

whether current State legislation that permits the collection of Narcotics Forfeiture funds allows the City to accept funds forfeited by the Courts. As such, Captain Corrales states that, in accordance with advice from the District Attorney's Office, all funds being collected pursuant to this State legislation, for the period January 1, 1994 to August 19, 1994, are currently being held in a separate escrow account and are unavailable for expenditure. According to Captain Corrales, if a determination is made that the State legislation in question does provide for the continued acceptance of these funds by the City, the funds in the escrow account, an undetermined portion of which would accrue to the Police Department, would become available for expenditure. However, if it is determined that the State legislation does not provide for the City's acceptance of these funds, the total amount of funds deposited to the escrow account would be returned to the defendants/claimants from whom the monies were seized. Captain Corrales was unable to provide a timetable as to when such determination would be made.

2. As noted above, the Mayor's Office estimated that the proposed \$113,800 would be sufficient to fund the proposed District Attorney position for the period July 1, 1994, through June 30, 1995. However, the District Attorney's Office reports that the actual amount required is \$130,880 (\$105,548 in salary plus \$25,332 (24%) in fringe benefits). The District Attorney further reports that although \$130,880 would be needed to fund this position for a full fiscal year, the earliest that this position can be filled is September 6, 1994. Based on this position being filled effective September 6, 1994, the actual amount needed to fund this position is \$100,391 or \$13,409 less than the proposed \$113,800. As such, the proposed ordinance (File 101-94-7) should be amended to reduce the total amount requested by \$13,409 from \$113,800 to \$100,391, as follows: (1) reduce Permanent Salaries by \$11,559 from \$98,100 to \$86,541, and (2) reduce Fringe Benefits by \$1,850 from \$15,700 to \$13,850.

3. As previously noted, the proposed new nighttime District Attorney position would be a limited tenure position and, as such, this position would be terminated at the end of FY 1994-95, when the Jail Overcrowding Fine Revenue is no longer available for this purpose (see Attachment).

4. The District Attorney's Office advises that the proposed ordinance (File 101-94-7) erroneously includes a provision for the \$113,800 to be placed on reserve pending approval by the Special Master. According to the District Attorney's Office, while formal approval is required by the Special Master before

the Jail Overcrowding Fine Revenue can be expended for the nighttime District Attorney position, reserving the funds until such approval is received would serve no purpose. Mr. Mike Martin of the Mayor's Office concurs with the District Attorney on this matter and confirms that the funds were placed on reserve erroneously. Therefore, the proposed ordinance (File 101-94-7) should be amended to delete reference to placing these funds on reserve in the title and the body of the proposed legislation. Ms. Banes of the District Attorney's Office adds that the Special Master will not give the City formal approval for this expenditure until after the Board of Supervisors approves the two ordinances which are the subject of this report.

5. Deputy James Aragon of the Sheriff's Department reports that for calendar years 1992, 1993 and 1994, the City has been required to pay fines totaling \$2,491,800, as follows: \$1,279,200 (for four months), \$741,900 (for 12 months) and \$470,700 (for six months) respectively, in connection with jail overcrowding, pursuant to the Federal Court order. As previously noted, the Jail Fine Escrow Account has a balance of \$285,800 as of August 22, 1994. If the two proposed ordinances are approved by the Board of Supervisors, \$100,391 of this \$285,800 would be used to pay for the nighttime District Attorney position leaving a balance of \$185,409 available to pay for fines or other needs imposed by the Federal Court.

6. The Sheriff's Department advises that in a progress report, dated January 27, 1994, to the Federal Court regarding the City's compliance with the Court requirements in connection with jail overcrowding, Mr. Breed, wrote that "The nighttime District Attorney position continues to make a significant reduction in the jail population", and that "The nighttime program is ending its third year and has greatly helped in accelerating the process of suspects being released from the jail earlier than they would have been released without the program".

Recommendation: 1. Amend the proposed ordinance (File 101-94-7) to delete reference to placing the proposed \$113,800 on reserve from the title and the body of the proposed legislation.

2. Amend the proposed ordinance (File 101-94-7) to reduce by \$13,409 the total amount of the supplemental appropriation request from \$113,800 to \$100,391.

3. Approve the proposed ordinance (File 101-94-7) as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

4. Approve the proposed ordinance (File 102-94-3).

DISTRICT ATTORNEY

ARLO SMITH
DISTRICT ATTORNEY



ROBERT M. PODESTA
CHIEF ASSISTANT
DISTRICT ATTORNEY

SAN FRANCISCO

680 BRYANT STREET, SAN FRANCISCO 94103 TEL. (415) 553-1752

Memorandum

To: Sandra Brown-Richardson
Budget Analyst

From: Bridget Bane *BB*
Law Office Manager

Date: August 16, 1994

Re: Supplemental Appropriation Request -
Nighttime D. A.

Pursuant to your request this memorandum provides you with written verification of our intention to terminate the Class 8182 - Head Attorney position associated with the above-mentioned supplemental request should the funding for this position expire and/or be eliminated from the District Attorney's budget during FY 1994-95. This represents standard operating procedure for all positions in the department which are of limited duration and are funded through grants, work orders, etc.

Should you have any additional questions please do not hesitate to contact me at 553-1895.

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

Items 12 and 13 - Files 170-94-15 and 170-94-16

Department: Chief Administrative Officer (CAO)

Items: Item 12, File 170-94-15 - Resolution providing for the issuance of \$95,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (School District Facilities Improvements, 1994), including the issuance of an initial series, designated series 1994C, in the aggregate principal amount of \$30,650,000, authorizing the execution, authentication and registration of said bonds, providing for the levy of a tax to pay the principal and interest, providing for the appointment of depositories and agents for said bonds, and providing for the establishment of funds related thereto.

Item 13, File 170-94-16 - Resolution authorizing and directing the sale of City and County of San Francisco bonds in the total amount of \$62,310,000, as follows: (1) \$3,455,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1989), series 1994A, (2) \$18,100,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1990), series 1994B (3) \$30,650,000 principal amount of General Obligation Bonds (School District Facilities Improvements, 1994), series 1994C and (4) \$10,105,000 principal amount of General Obligation Bonds (Fire Department Facilities Project, 1992), series 1994D; and prescribing the terms and form of said bonds, approving forms of official notice of sale of bonds and notice of intention to sell bonds, directing the publication of notice of intention to sell bonds, approving the official statement relating thereto, authorizing the reimbursement of certain expenditures and ratifying certain actions, and authorizing the execution of necessary documents.

Amount:	Series	Description	Amount
	1994A	Public Safety Improvement Projects, 1989	\$3,455,000
	1994B	Public Safety Improvement Projects, 1990	18,100,000
	1994C	School District Facilities Improvements, 1994	30,650,000
	1994D	Fire Department Facilities Project, 1992	<u>10,105,000</u>
		Total General Obligation bonds to be issued	\$62,310,000

Description: The proposed resolution (File 170-94-16) pertains to the issuance and sale of General Obligation Bonds which have been previously approved by the San Francisco Electorate. The proposed resolution would authorize and direct the sale of four series of General Obligation Bonds in the principal amounts shown in the above table. The proposed resolution would also prescribe the terms and form of said bonds, approve

forms of official notice of sale of bonds and notice of intention to sell bonds, direct the publication of notice of intention to sell bonds, approve the official statement relating thereto, authorize the reimbursement of certain expenditures and ratify certain actions, and authorize the execution of necessary documents.

As noted above, the issuance of General Obligation Bonds have been approved by the electorate. However, the issuance of any General Obligation Bonds must be specifically authorized by the Board of Supervisors following approval by the electorate, including providing for a tax levy to repay the bonds, before a bond sale can proceed. The issuance of three of the bond series shown above (Public Safety Improvement Projects, 1989, Public Safety Improvement Projects, 1990 and Fire Department Facilities Project, 1992), including authorization for a tax levy to repay these bonds, has been previously authorized by the Board of Supervisors (Resolution Nos. 223-90, 1017-90 and 203-93 respectively).

The proposed resolution (File 170-94-15) would authorize (1) the issuance of the General Obligation Bonds for the School District Facilities Improvements, 1994 in the aggregate amount of \$95,000,000, including an initial series 1994C amount of \$30,650,000 and (2) a tax levy to repay these bonds.

In November, 1989, the electorate approved \$59,700,000 in General Obligation Bonds (Public Safety Improvement Projects, 1989) for seismic safety improvements, asbestos abatement and disabled access improvements for various City-owned buildings. Of the total \$59,700,000 authorized, the City has previously issued \$48,600,000 in these General Obligation bonds. Under the proposed resolution (File 170-94-16), an additional \$3,455,000 would be sold, for a total of bonds issued after the sale of \$52,055,000. The proceeds from the sale of the proposed \$3,455,000 in bond funds (series 1994A) would be used for design and construction costs for Fire Station 1 and for construction costs for Fire Station 7, all related to seismic safety, asbestos abatement and disabled access improvements to City-owned buildings. Attachment I summarizes the specific details of the proposed expenditures for this bond issue.

In June, 1990, a total of \$332,400,000 in General Obligation Bonds (Public Safety Improvement Projects, 1990) was approved by the electorate for seismic and life safety improvements and repairs to various City-owned buildings damaged in the 1989 earthquake. The amount of bonds authorized to be issued is reduced by the amount of Federal Emergency Management Agency (FEMA) funds and the Office

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

of Emergency Services (OES) grants received. As of May 31, 1994, the City has received a total of \$8,209,909 from FEMA and the OES. Of the \$332,400,000 authorized in General Obligation Bonds, the City has previously issued \$173,400,000 in these bond funds. Under the proposed resolution (File 170-94-16), an additional \$18,100,000 would be sold, for a total of bonds issued after the sale of \$191,500,000. The proceeds from the sale of the proposed \$18,100,000 in bond funds (series 1994B) would be used for (1) design, administrative and construction costs for Phase I of the underground infrastructure for the San Francisco Zoo related to seismic safety and life safety improvements and for construction of an Avian Conservation Center for the Zoo, and (2) seismic repairs to City Hall. Attachment II summarizes the specific details of the proposed expenditures for this bond issue.

In November, 1992, the voters approved \$40,800,000 in General Obligation Bonds (Fire Department Facilities Project, 1992) for the construction and renovation of 32 Fire Department facilities including seismic strengthening, asbestos abatement, disabled access and separate bathrooms for male and female firefighters. Of the \$40,800,000, the City has previously issued \$16,600,000 in these bond funds. Under the proposed resolution (File 170-94-16) an additional \$10,105,000 would be sold, for a total of bonds issued after the sale of \$26,705,000. The proceeds from the sale of the proposed \$10,105,000 in bond funds (series 1994D) would be used for (1) architectural and engineering services and construction for the rehabilitation of 16 various Fire Department facilities, (2) design for the 911 Dispatch Center and (3) construction of the Fire Department's new Headquarters/Pump Station 1. All of these bond funds would be used for seismic strengthening, asbestos abatement, and disabled access improvements. Attachment III summarizes the specific details of the proposed expenditures for this bond issue.

In June, 1994 the voters approved \$95,000,000 in General Obligation Bonds (School District Facilities Improvements, 1994) to (1) repair existing schools, (2) provide disabled access, (3) construct a new elementary school in the City's Tenderloin neighborhood, (4) provide the School of the Arts, located at 700 Font Boulevard, with a more suitable building, (5) expand or replace other School District facilities and (6) provide for general improvements to School District facilities.

The proposed resolution (File 170-94-16) would authorize the initial sale of \$30,650,000 in bonds for the School District Facilities Improvements. The proposed \$30,650,000 in bond funds (series 1994C) would be used for architectural and

engineering services for the new school in the Tenderloin neighborhood and for architectural, engineering and construction funds for the repair and improvement of various existing school facilities. Attachment IV summarizes the specific details of the proposed expenditures for this bond issue.

Comments:

1. General provisions of the sale of the bond funds (series 1994A, 1994B, 1994C and 1994D) would be as follows:

- The sale of the bonds would be held on September 20, 1994
- Under the proposed resolution (File 170-94-16), the bonds would be sold at an interest rate which would not exceed 11 percent per year and will mature in the year 2014. Interest will be paid semiannually beginning June 15, 1995.
- Property taxes collected to redeem the bonds will be deposited in the special funds account which would be created specifically for this purpose.
- An official statement describing the proposed bonds to be issued, is incorporated in the proposed resolution (File 170-94-16) for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.

2. Under the proposed resolution (File 170-94-16), the annual interest rate for the bonds could not exceed 11 percent. However, Ms. Laura Wagner-Lockwood reports that if the bonds were sold today, the bonds would probably be sold at an overall interest rate of approximately 6.5 percent.

3. Ms. Wagner-Lockwood estimates that on a 20 year term on the bonds and assuming an interest rate of approximately 6.5 percent the proposed sale of bonds in the total amount of \$62,310,000 would result in a total debt service requirement of approximately \$115,580,000 over the life of the bonds. Over the 20 year period, this would result in an average debt service requirement of approximately \$5,779,000 per year. According to Ms. Wagner-Lockwood at the estimated interest rate of 6.5 percent, the City's debt service requirement for these bonds in 1994-95 would be approximately \$3,800,000 (for approximately eight months).

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

4. Based on an interest rate of 6.5 percent, the proposed bond issuance in the amount of \$62,310,000 would result in an increase in the property tax rate of approximately \$0.0063 per \$100 in 1994-95. At that rate, the owner of a house assessed at \$300,000 would pay approximately \$18.90 in additional property taxes in 1994-95 due to the issuance of these bonds. The effect of this bond issuance on the property tax rate would gradually decline as the bonds are retired over the 20 year period.

5. Ms. Wagner-Lockwood states that the City's General Obligation bonding capacity, which is equal to three percent of the City's net assessed property value, was \$1,659,708,424 as of July 1, 1994. Ms. Wagner-Lockwood advises that the amount of the City's General Obligation bonds at the present time is \$581,720,000. Therefore, the City's current available General Obligation bonding capacity is approximately \$1,077,988,424 (\$1,659,708,424 bonding capacity less \$581,720,000 in outstanding bonds). The proposed sale of bonds in the amount of \$62,310,000 would reduce the City's bonding capacity from \$1,077,988,24 to approximately \$1,015,678,424.

6. Ms. Wagner-Lockwood advises that the cost of issuing the bonds, including fees for private bond counsel and financial advisors and the services of the Chief Administrative Officer and City Attorney, are expected to be approximately \$310,000 and would be allocated approximately as follows:

<u>Series</u>	<u>Description</u>	<u>Estimated Issuance Cost</u>
1994A	Public Safety Improvement Projects, 1989	\$31,000
1994B	Public Safety Improvement Projects, 1990	78,000
1994C	School District Facilities Improvements, 1994	148,000
1994D	Fire Department Facilities Project, 1992	<u>53,000</u>
	Total	\$310,000

7. Ms. Wagner-Lockwood also indicates that the issuance costs will need to be paid before the anticipated budget or supplemental appropriation requests for specific bond-funded projects are submitted to the Board of Supervisors. Ms. Wagner-Lockwood advises that the CAO's Office will submit a separate supplemental appropriation request in the near future related specifically to the estimated \$310,000 in issuance costs, and the amount appropriated to the CAO's Office and City Attorney's Office for issuance costs must be deducted from the amount of bond proceeds available in the future for specific bond-funded projects.

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

8. Approval of the proposed resolution (File 170-94-16) would permit the sale of the proposed bonds and create special funds for deposit of the bond proceeds. However, all future expenditure appropriations of the bond proceeds would be subject to separate approval by the Mayor and the Board of Supervisors through supplemental appropriation ordinances.

Recommendation: Approve the proposed resolutions.

SALEESP1.XLS

P.1

Attachment I

BOND SALE BREAKDOWN

EARTHQUAKE SAFETY PROGRAM PHASE 1
NOV. 1989 PROP. A - \$59.7 MILLION BOND ISSUE
5TH. SALE

AUGUST 24 1994

PROJECT TITLE	AMOUNT
Fire Station No. 7	\$673,000
Fire Station No. 1	\$2,735,841
BOND ISSUANCE COSTS	\$31,000
PROJECT CONTINGENCY	\$15,159
	<hr/>
TOTAL SALE	\$3,455,000

BOND SALE BREAKDOWN

EARTHQUAKE SAFETY PROGRAM PHASE 2
JUNE 1990 PROP. A - \$332.4 MILLION BOND ISSUE
5TH. SALE

AUGUST 24 1994

PROJECT TITLE	AMOUNT
CITY HALL	\$9,022,000
SAN FRANCISCO ZOO INFRASTRUCTURE	\$9,000,000
BOND ISSUANCE COSTS	\$78,000
PROJECT CONTINGENCY	\$0
	<hr/>
TOTAL SALE	\$18,100,000

SALEPROC.XLS

P.2
Attachment III

BOND SALE BREAKDOWN

SAN FRANCISCO FIRE DEPARTMENT
NOV. 1992 PROP. C - \$40.8 MILLION IMPROVEMENT BOND ISSUE
2ND. SALE

AUGUST 24 1994

PROJECT TITLE	AMOUNT	SUB-TOTAL
Fire Station No. 14	\$875,000	
Fire Station No. 18	\$1,012,000	
Fire Station No. 19	\$434,000	
Fire Station No. 23	\$811,882	
Fire Station No. 34	\$452,500	
Fire Station No. 41	\$1,485,400	
Bureau of Equipment	\$947,500	
Bureau of Training	\$200,000	
Central Fire Alarm Station	\$100,000	
Fire Station No. 3	\$294,500	
Fire Station No. 12	\$150,000	
Fire Station No. 13	\$152,200	
Fire Station No. 20	\$140,700	
Fire Station No. 28	\$130,918	
Fire Station No. 32	\$118,500	
Fire Station No. 42	\$94,900	
		\$7,180,000
New 911 Dispatch Center	\$600,000	
New Headquarters / Pump Station 1	\$2,270,000	
		\$2,870,000
BOND ISSUANCE COSTS	\$53,000	
PROJECT CONTINGENCY	\$2,000	
TOTAL SALE	\$10,105,000	

San Francisco Unified School District													6/22/94
Encumbrance (Chart)													Total Bond Issuance
No.	Name of School	Month #1	Month #2	Month #3	Month #4	Month #5	Month #6	Month #7	Month #8	Month #9	Month #10	Month #11	
1	Tenderloin E.S.												
	A&E + Admin. ONLY (Est.)	\$1,925,000											\$1,925,000
2	George Moscone/Las Americas												
	A&E + Admin. ONLY (Est.)	875,000											875,000
3	Downtown H.S.												
	A&E + Admin. + Construction (Est.)	119,804						564,788					684,592
4	Argonne E.S.												
	A&E + Admin. ONLY (Est.)	1,575,000											1,575,000
5	School of the Arts H.C.												
	A&E + Admin. ONLY (Est.)	1,575,000											1,575,000
6	Phillip & Salary Burton H.S.												
	A&E + Admin. + Construction (Est.)	373,887						1,762,612					2,136,499
7	Rooftop E.S.												
	A&E + Admin. ONLY (Est.)	350,000											350,000
8	Woodrow Wilson H.S.												
	A&E + Admin. + Construction (Est.)	90,019		424,373									514,392
9	Balboa H.S.												
	A&E + Admin. + Construction (Est.)		418,793							1,974,310			2,393,103
10	Mission H.S.												
	A&E + Admin. + Construction (Est.)		613,517							2,892,297			3,505,814
11	Mark Twain H.S.												
	A&E + Admin. + Construction (Est.)		40,085				188,970						229,055
12	Galileo H.S.												
	A&E + Admin. + Construction (Est.)		728,733						3,435,454				4,164,187
13	Horace Mann Academic H.S.												
	A&E + Admin. + Construction (Est.)			200,061						943,142			1,143,203
14	Roosevelt M.S.												
	A&E + Admin. + Construction (Est.)			244,560						1,152,923			1,397,483
15	Leonard R. Flynn E>S>												
	A&E + Admin. + Construction (Est.)				212,988				1,004,084				1,217,072
16	Aptos M.S.												
	A&E + Admin. + Construction (Est.)				241,289				1,137,505				1,378,794
17	West Portal E.S.												
	A&E + Admin. + Construction (Est.)												
18	Cesar Chavez E.S.												
	A&E + Admin. + Construction (Est.)					151,935				716,264			868,199
	A&E + Admin. + Construction (Est.)					98,940				466,431			565,371

[illegible]

Item 14- File 127-94-9

Item: Ordinance amending Part III, Municipal Code, by adding Article 12-E ("Employee License Fee Ordinance") which would impose a license fee of one percent (1%) on gross receipts (compensation) of employees performing work or rendering services within the City of San Francisco.

Description: The Employee License Fee Ordinance would apply to all individuals engaging in any business, trade, occupation or profession, as an employee who performs work or renders services in whole or in part within the City of San Francisco.

The amount of the fee would be 1% of the compensation of the individual for work performed or services rendered for more than 7 working days in the City of San Francisco during each year.

The 1% fee would be due and payable to the City on January 1st of each year and would be delinquent if not paid on or before April 15th of each calendar year. Individuals would be required to prepare and file the necessary license fee forms as required by the Tax Collector along with payment of the license fee.

The Tax Collector would be responsible for preparation and distribution of license fee forms, collection of the employee license fee, and collection of interest and penalties from individuals who fail to file accurate and timely returns. Interest would be computed based on 120% of the average rate earned by the City Treasurer on the City's investments for the preceding six-month period. Penalties for failure to file would be \$100 for each calendar year for which a license fee was due to the City or 75% on the license fee amount due in cases of fraud.

The proposed ordinance would also create a Board of Review, consisting of the Chief Administrative Officer, the Controller and the Assessor or their designated deputies, to review and make rulings on any petitions for redetermination of the required license fees payable to the City pursuant to the proposed ordinance.

Comments: 1. All individuals, including commuters who live outside of San Francisco, would be required to pay the proposed fee. Based on surveys conducted in 1992 by the

Department of City Planning, an estimated 268,000 employees were commuters who live outside of San Francisco as follows:

East Bay	141,000
South Bay	86,000
North Bay	<u>41,000</u>
Total	268,000

2. The estimated 268,000 commuters who live outside of San Francisco are approximately 46% of the total City workers, estimated by City Planning to be approximately 580,000 (including self-employed individuals and military personnel).

3. Based on information from the State Employment Development Department, the total San Francisco payroll in 1993 was approximately \$18.5 billion. A license fee of 1%, on this \$18.5 billion payroll of employees working in San Francisco, assuming no exemptions, would generate an estimated \$185 million annually in additional revenues to the City. This amount would be overstated due to employees of San Francisco employers working outside of the City and understated due to employees of non San Francisco firms working in the City.

4. The Budget Analyst has identified cities in seven other States which have taxes on employees' income. A description of those taxes on employees income in these other States is included as an Attachment to this report.

5. The Tax Collector, Mr. Richard Sullivan, estimates that the cost of processing the returns of more than 500,000 individuals could be as much as \$5-\$10 million. If employers would withhold the one percent of compensation and remit the withheld amounts to the Tax Collector on a quarterly basis, it would minimize costs and improve enforcement of the proposed ordinance.

Recommendation: Approval of the proposed ordinance which would create a new one percent license fee on employee's compensation is a policy matter for the Board of Supervisors.

Similar Taxes on Employees in States and Cities Outside of California

Alabama:

Birmingham has a 1% Tax on employees' payroll earnings.

Maryland:

The City of Baltimore, and all counties within the State of Maryland, compares a local income tax on employees based on the State income tax due. This tax ranges from 20% to 60% of the employees' State income taxes due. The State collects the tax and disburses it to the City of Baltimore and to the various counties in Maryland.

Michigan:

Detroit has a City income tax of 3% on its residents and a City income tax of 1.5% on its nonresidents.

Missouri:

St. Louis has a 1% gross earnings tax on residents, nonresidents and net profits of businesses.

Kansas City has a 1% gross earnings tax on residents, nonresidents and net profits of businesses.

New York:

New York City has a graduated income tax of 2.25% to 3.4% of taxable State income.

Yonkers has a State income tax surcharge of 15% based on the State income tax due plus a 0.5% earnings tax on earnings from self employment.

Ohio:

Akron and Youngstown have a 2% earnings tax on residents, nonresidents and net profits of businesses.

Cincinnati has a 2.1% earnings tax on residents, nonresidents and net profits of businesses.

Dayton and Toledo have a 2.25% earnings tax on residents, nonresidents and net profits of businesses.

Pennsylvania:

Philadelphia has a wage tax of 3.4% on residents and a 4.3125% wage tax on nonresidents.

Pittsburgh has a 1% earnings tax on residents, nonresidents and net profits of businesses.

Item 15 - File 101-90-129.1

Department: Department of Public Works (DPW)
Clean Water Program

Item: Requesting release of reserved funds in the amount of \$575,000 for consulting services for the Sludge Management Plan.

Amount: \$575,000

Source of Funds: 1988 Sewer Revenue Bond Proceeds

Description: In July of 1991, the Board of Supervisors approved a supplemental appropriation of \$1,047,771 in 1988 Sewer Revenue Bond proceeds for the development and implementation of a Sludge Management Plan by the Department of Public Works' (DPW) Clean Water Program. Of the \$1,047,771, \$575,000 was placed on reserve for consulting services, pending the selection of consultants, the submission of budget details and the MBE/WBE status of the consultants.

The Oceanside Water Pollution Control Plant and the Southeast Water Pollution Control Plant collectively produce approximately 85,000 tons of digested sludge annually (sludge is the heavy, mud-like byproduct of the sewage treatment process). The DPW currently has a five-year contract with the Redwood Landfill in Novato, where all of the City's sludge is disposed, that will expire in December of 1995. Under that contract, the City pays \$39.61 per ton of sludge disposed, which represents a 60 percent increase over the 1991 rate of \$24.75 per ton and a 269 percent increase over the 1989 rate of \$11 per ton. In addition, the cost of hauling the sludge from the Oceanside Water Pollution Control Plant to the Redwood Landfill is \$16 per ton, for a total cost of \$55.61 per ton, or \$4.7 million annually to dispose of the City's sludge.

In 1984, the State Water Resources and Control Board adopted regulations to effectively ban the disposal of sludge in landfills unless it has been reduced to a 50 percent water content. Currently, the City's sludge can only be reduced to a 75 percent water content with existing facilities. In 1989, the State of California Integrated Waste Management Board adopted legislation requiring Cities to divert 25 percent of their solid waste, which includes sludge as well as other refuse, from landfills by 1995, and 50 percent of their solid waste from landfills by 2000. In addition, the Environmental Protection Agency, as directed by amendment to the Federal Clean Water Act, implemented new sludge disposal regulations in 1993 that

defined the quality of sludge that could be beneficially reused and the types of sludge processing treatments required to achieve this quality.

Because of the substantial increase in the cost of disposing sludge at the Redwood Landfill and the need to comply with State and Federal laws governing sludge disposal, the City has been in the process of developing and testing short term alternatives to landfill disposal for implementation prior to December of 1995, when the Redwood Landfill contract expires, and longer term alternatives for implementation begin in December of 1995.

Through a Request for Proposal (RFP) process, the DPW recently selected a consultant, John Carollo Engineers. Although John Carollo Engineers is not an MBE or WBE firm, there will be 30.6 percent participation by MBE/WBE subcontractors. Among John Carollo Engineers' responsibilities will be 1) to evaluate regulatory requirements; 2) to identify sludge management alternatives; 3) to conduct a sludge reuse market survey; 4) to evaluate reuse and disposal sites; 5) to develop technologies and transportation methods; and 6) to develop a sludge management plan report. The DPW is therefore requesting the release of \$575,000 in reserved funds for the consulting contract.

Contract Budget:

<u>Name</u>	<u>Role in Project</u>	<u>MBE/ WBE Status</u>	<u>Hourly Billing Rate</u>	<u>Number of Hours</u>	<u>Contract Amount</u>
Prime Contractor:					
John Carollo Engineers (58.4%)	Team Leader, Task Oversight	---	\$97	3,406	\$332,074
Subcontractors:					
K. P. Lindstrom, Inc. (6.4%)	Market Survey, Project Management, Marketing	---	125	292	36,370
Damon S. Williams Associates (2.8%)	Technologies/ Transportation Development	MBE	110	144	15,790
Olivia Chen Consultants (4.5%)	Investigate & Test Bioremediation	MBE	102	250	25,465
Public Affairs Management (2.5%)	Public Participation, Workshops, Project Management	WBE	84	173	14,510

BOARD OF SUPERVISORS **BUDGET ANALYST**

Memo to Budget Committee
August 24, 1994

<u>Name</u>	<u>Role in Project</u>	<u>MBE/ WBE Status</u>	<u>Hourly Billing Rate</u>	<u>Number of Hours</u>	<u>Contract Amount</u>
Gruen, Gruen & Associates (10.2%)	Market Survey, Sludge Plan Report, Project Management	WBE	\$135	430	\$57,900
Merritt-Smith Consulting (5.9%)	Market Survey, Marketing Program	WBE	85	392	33,360
E. M. Rose Associates (1.2%)	Evaluate Alternatives, Project Management	MBE	88	80	7,070
Bartle-Wells Associates (3.5%)	Financial Analysis	WBE	100	200	20,000
Technical Advisory Committee (2.8%)	Workshops	---	142	114	16,200
Subconsultant Administration Fee (1.8%)				_____	<u>10,064</u>
Total				5,481	<u><u>\$568,803</u></u>

Comment: Based on the budget details provided, the requested release should be reduced by \$6,197, from \$575,000 to \$568,803, thereby leaving a balance on reserve of \$6,197.

Recommendation: Amend the proposed request to release \$575,000 in reserved funds by reducing the request by \$6,197 to \$568,803. Release reserved funds in the amount of \$568,803.

Item 16 - File 101-93-95.2

Department: Port of San Francisco

Item: Requesting release of reserved funds in the amount of \$40,000 for consulting services for plan design and production of the Port of San Francisco's Waterfront Plan.

Amount: \$40,000

Source of Funds:	San Francisco Harbor Operating Fund	\$1,108,000
	1984 Port Revenue Bond Proceeds	<u>228,856</u>
	Total	\$1,336,856

Description: In April of 1994, the Board of Supervisors approved a supplemental appropriation of \$1,336,856 in San Francisco Harbor Operating Funds and 1984 Port Revenue Bond proceeds for capital improvement and facilities maintenance projects and debt service payments. Of this amount, \$989,000 was placed on reserve, including \$40,000 for the plan design and production of the Port's Waterfront Land Use Plan Project, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors. The Budget Committee subsequently released \$429,000 of the \$989,000 on reserve for the Environmental Impact Report for the Waterfront Land Use Plan Project, thereby leaving a balance on reserve of \$560,000 (\$989,000 less \$429,000).

In collaboration with the Department of City Planning, the Port has developed the Waterfront Land Use Plan, which accomplishes the following three tasks: (1) identifies how much Port land should be reserved for water-dependent maritime activities, (2) addresses the range of non-maritime uses that should be considered for development on Port property, including public recreation and open space and public access opportunities in connection with new development, and (3) reconciles the land use recommendations produced in the first two phases in order to produce a balanced Waterfront Plan that is financially feasible and that can be implemented. The Port is now requesting the release of \$40,000 for the design and production of the Waterfront Land Use Plan by a graphic design and architectural illustration consultant.

Through a Request For Proposal (RFP) process, the Port recently selected Simon Martin-Vegue Winkelstein Moris (SMWM), a WBE firm, to design and produce the Waterfront Land Use Plan for the amount of \$49,999. The Port is now requesting the release of \$40,000 in previously reserved funds for this consulting contract. The \$9,999 balance of the \$49,999

contract will be funded from the Port's FY 1994-95 Operating Budget.

The prime contractor, subcontractors, hourly billing rates, number of hours and MBE/WBE status of the contractors are as follows:

<u>Name</u>	<u>Role in Project</u>	<u>MBE/WBE Status</u>	<u>Hourly Billing Rate</u>	<u>Number of Hours</u>	<u>Contract Amount</u>
Prime Contractor:					
Simon Martin-Vegue Winkelstein Moris (40.4%)	Project Management, Illustrations, Communication, Design	WBE	\$87.50	217	\$19,000
Subcontractors:					
Tenazas Design (42.6%)	Graphic Design	MBE & WBE	65	308	20,000
C. Tolon Design (17.0%)	Illustrator	WBE	55	<u>145</u>	<u>8,000</u>
Subtotal - Contract				670	\$47,000
Direct Costs					<u>2,999</u>
Total					<u>\$49,999</u>

Comment:

The Port reports that ten proposals were received in response to the Port's RFP. The Port advises that, of the ten bidders, SMWM was ranked highest by the review panel, based upon evaluation criteria provided in the RFP. The Attachment displays the ten consulting firms that submitted bids, their bid amounts and their hourly rates.

Recommendation: Approve the proposed release of reserved funds in the amount of \$40,000.

Attachment 1

Proposals Submitted For Waterfront Plan - Plan Design And Production			
Rank	Lead Consultant	Bid Amount	Range of Hourly Rates
1	Simon Martin-Vegue Winkelstein Moris	\$49,999	\$40 - \$135
2	Keilani Tom Designs	\$50,000	\$75 - \$110
3	Finger and Smith Design Associates	\$49,900	\$55 - \$80
4	Seaside	\$50,000	\$45 - \$85
6	Sibbett Group	\$46,000	\$30 - \$75
6	Arcus	\$48,500	\$45 - \$75
7	3-D Motion	\$41,415	\$20 - \$125
8	Total Design Concepts	\$49,200	\$45 - \$75
9	Nelson Design	\$33,325	\$75
10	La Rosa Graphics	\$48,500	\$40 - \$80

Memo to Budget Committee
August 24, 1994

Item 17 - File 101-94-8

Department: Mayor's Office of Community Development (MOCD)

Item: Ordinance appropriating \$84,023 of Superior Court Dispute Resolution Filing Fees for professional special service contracts for the Dispute Resolution Program and permanent salaries.

Amount: \$84,023

Source of Funds: Superior Court Dispute Resolution Filing Fees (\$3.00 surcharge to various Municipal and Superior Court filing fees)

Program: Dispute Resolution Program

Description: The Dispute Resolution Program is part of a Statewide effort to provide a cost-effective alternative to the formal court system by resolving problems through arbitration, mediation or facilitation of conflicts. This Program is funded through a special set-aside of court filing fees collected by each county. MOCD administers the Program and distributes the fees to non-profit agencies to provide the Program's services. When the Program first began, MOCD used two years of accumulated fees to fund one year of contractual services.

This past year, the amount of fees was only sufficient to fund six months of the program for two of the program's three contractors (Community Board and California Dispute Services), for the 6-month period from October 1993, through March 31, 1994 at the current level. The third contractor, California Lawyers for the Arts, received funding of \$10,000 which was for a full year of services. The two contractors that were funded for six months indicated that they would find an alternative funding source for the remainder of the year, but were unable to do so. The Dispute Resolution Program is regularly funded from October 1 through September 30. The proposed supplemental appropriation request of \$84,023 would fund the two contractors' costs for five months retroactive from May 1, 1994 through September 30, 1994 (According to Mr. Wayne Lawrence of MOCD, these two contractors did not and will not receive funding from the City to provide Dispute Resolution Program services during the month of April of 1994 because there is not enough funds available from the Superior Court Dispute Resolution Filing Fees Fund).

The requested \$84,023 would otherwise partially fund this program for the next 12 months beginning in October, 1994. This \$84,023 represents approximately 48 percent of the total

of \$175,000 collected annually in Superior Court Dispute Resolution Filing Fees. According to MOCD, the two contractors who received six months funding have agreed to take full responsibility for the shortfall in funds for the subsequent twelve months. Thus, if the contractors are unable to find an alternative source of funding, dispute resolution services may be reduced from October 1, 1994 through September 30, 1995.

Budget: Funding for the two contractors who received six months funding.

Contractors - Non-profit Agencies

Community Board	
(441 cases @ \$98/case)	\$43,200
California Community Dispute Services	
(335 cases @ \$110/case)	36,800
MOCD Administration*	<u>4,023</u>
Total	\$84,023

* Based on 5% of a 9774 Senior Community Development Specialist's salary and 1% of a 9776 Supervising Community Development Specialist's salary.

Comment: As previously noted, the proposed ordinance would provide funds to Community Board and California Community Dispute Services retroactively to May of 1994, but the proposed ordinance does not provide for retroactive authorization. As such, the proposed ordinance should be amended to provide for retroactive authorization.

Recommendation: Amend the proposed ordinance to authorize appropriating the \$84,023 retroactively. Approve the proposed ordinance as amended.

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

Items 18 and 19 Files 27-94-14 and 27-94-14.1

Department: Airports Commission

Items: Item 18, File 27-94-14 - Resolution finding that the schedule of rates and charges for common use facilities established by the Airports Commission effective July 1, 1994 will be sufficient to pay for maintenance and operation expenses of the Airport and will not require any tax subsidy.

Item 19, File 27-94-14.1 - Resolution approving changes to the schedule of rates and charges for common use facilities at San Francisco International Airport as established by the Airports Commission.

Description: The proposed resolutions concern the schedule of landing fees and terminal space rental rates for common use facilities at the San Francisco International Airport. The proposed landing fees and terminal space rental rates to be charged to the airlines have been determined based on a formula that is part of the Lease and Use Agreement between the Airport and the airlines. The Lease and Use Agreement extends these landing fees and rental rates from July 1, 1994 through June 30, 1995. The formula calls for annual adjustments to existing landing fees and rental rates based on Airport surpluses or shortfalls accumulated during the previous two fiscal years in the cost centers from which the fees and rates are collected. The Airport's total surplus from previous years, to be used in calculating the 1994-95 fees and rates, amount to approximately \$11.6 million, \$3.8 million from FY 1993-94 and \$7.8 million from FY 1992-93.

The proposed landing fees are based on the approved maximum landing weights for each revenue producing aircraft landing at the Airport. The fees are composed of a base fee per 1,000 lbs. plus a surcharge added to the base fee. For the proposed landing fees in fiscal year 1994-95, this surcharge is negative, representing a credit for one-half of the combined surplus from the terminal and groundside areas. The proposed fee schedule for fiscal year 1994-95 and the actual total fees for 1993-94 and 1992-93 are as follows:

<u>Proposed 1994-95 landing Fee</u>			<u>Actual 1993-94 Landing Fee</u>	<u>Actual 1992-93 Landing Fee</u>
<u>Base Fee</u>	<u>Surcharge Fee</u>	<u>Total Fee</u>		
<u>(per 1,000 lbs.)</u>	<u>(per 1,000 lbs.)</u>	<u>(per 1,000 lbs.)</u>		
\$1.016	(\$0.178)	\$0.838	\$0.831	\$0.775

As shown above, the landing fee (per 1,000 lbs.) would increase \$0.007 per 1,000 lbs. from \$0.831 per 1,000 lbs. in 1993-94 to \$0.838 in 1994-95, or an increase of approximately 0.8 percent.

In addition, the Airport plans to (1) increase the minimum landing fee by \$3.00 from \$30.00 to \$33.00 per fixed-wing aircraft weighing less than 39,379 lbs. (weighing less than 36,101 pounds in 1993-94) that have a landing agreement with the Airport, (2) increase the minimum landing fee by \$3.00 from \$12.00 to \$15.00 per rotary-wing aircraft weighing less than 17,900 lbs. (less than 14,440 lbs. in 1993-94) that have a landing agreement with the Airport.

The Airport also plans to increase its surcharge fee schedule for itinerant aircraft effective November 1, 1994. The itinerant surcharge fee is assessed on those air carriers that do not have a permit or lease agreement to operate at the Airport. The Airport plans to increase its \$0.916 rate for 1993-94 to a 1994-95 rate of \$0.923 per 1,000 lbs. of maximum landing weight for (1) each revenue landing by a commercial carrier, (2) each landing of a general fixed-wing aircraft, and (3) each landing of a general aviation rotary-wing aircraft, unless a minimum landing fee shall apply.

Itinerant aircraft, both revenue landing and general aviation, would also be subject to an increase in minimum landing fees as follows: (1) minimum landing fees for all fixed-wing aircraft weighing less than 35,753 lbs. (32,751 lbs. in 1993-94) would be increased by \$3.00 from \$30.00 to \$33.00 and (2) minimum landing fees for all rotary-wing aircraft weighing less than 16,251 lbs. (13,100 lbs. in 1993-94) would be increased by \$3.00 from \$12.00 to \$15.00.

Proposed 1994-95 Terminal Space Rentals

The terminal space rental rates at the Airport are comprised of a base rate determined by the relative value of the space. The proposed 1994-95 rates and actual 1993-94 and 1992-93 rates are as follows:

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

<u>Type of Space</u>	<u>1994-95 Proposed Total Rate (per sq. ft.)</u>	<u>1993-94 Actual Total Rate (per sq. ft.)</u>	<u>1992-93 Actual Total Rate (per sq. ft.)</u>
Category I	\$47.42	\$47.45	\$44.35
Category II	35.57	35.59	33.26
Category III	23.71	23.73	22.18
Category IV	11.86	11.86	11.09
Category V	4.74	4.75	4.44
Average Base Rate per Square Foot	\$28.73	\$28.68	\$27.03

As shown in the previous rate table, the average base rental rate per square foot would be increased by \$0.05 from \$28.68 to \$28.73, an increase of approximately 0.2 percent. Although there has been a slight decrease in cost by category, the average base rate has increased because the total space leased to the airlines has increased.

The space categories are defined as follows:

- Category I: Ticket Counters and Hold Rooms (waiting areas at gates)
- Category II: Ticket Counter Back Offices, VIP Clubs, Baggage Claim Lobbies
- Category III: Administrative and Operations Offices
- Category IV: Baggage Handling Areas
- Category V: Unenclosed or Covered Areas (ramp level)

Additionally, the Airport plans to increase its secondary rental surcharge for airlines using the Federal Inspection Service Area by \$6.00 from a total of \$84,173 to \$84,179. This surcharge includes the annual Airport debt service of \$62,052 on the shared International Terminal baggage facility and 20 percent (\$22,127) of the cost of the City-owned lounge for in-transit passengers. Those airlines using the Federal Inspection Service Area are assessed a surcharge based on the proportion of each airlines passengers using this area to the total number of passengers using this area.

The Airport also plans to (1) decrease the airline fee per passenger using the International Terminal in-transit lounge by \$0.19 from \$3.96 to \$3.77 and (2) increase the fee per cubic feet of water delivered per month for sewage/wastewater treatment from \$1.00 to \$2.00.

Comments:

1. According to Mr. Marcus Perro of the Airport, the proposed schedule of fees and rates will be sufficient to cover FY 1994-95 Airport costs and a subsidy from the City will not be necessary for 1994-95, as required by the proposed resolution (File 27-94-14).

2. All proposed landing fees and rental rates would apply retroactively to July 1, 1994, if the proposed resolution (File 27-94-14.1) is adopted, with the exception of minimum landing fees for general aviation aircraft (aircraft other than scheduled airlines or military aircraft) and itinerant surcharge fees. Because of the difficulty in retroactively collecting the minimum landing fees for general aviation aircraft and the surcharge fees, which comprise a small portion of total landing fees, the current rates for these fees would remain in effect until November 1, 1994. These rates would then be increased to the proposed 1994-95 landing fee rates.

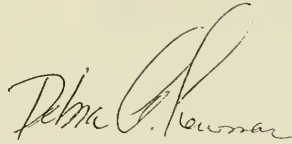
3. Mr. Perro advises that the Airport expects to collect a total of approximately \$61.4 million in landing fees and terminal rentals in 1994-95, an increase of approximately \$4.2 million or 7 percent from the \$57.2 million collected in fiscal year 1993-94.

4. Adoption of the proposed landing fees and rental rates will not affect the Airport's expected contribution to the City's General Fund. Based on the existing Lease and Use Agreement, this contribution is set at 15 percent of all concession revenues collected during the year. According to Mr. Perro, the total contribution from the Airport in 1994-95 is anticipated to be \$15.7 million of which \$2.9 million will be transferred to the Airport Capital Fund as partial repayment of the \$25 million the Airport previously advanced to the City from its Capital Projects Fund in December of 1992. This compares to a total General Fund contribution from the Airport in 1993-94 of approximately \$15.7 million of which \$1.4 million was transferred to the Airport Capital Fund.

5. Mr. Perro states that the 1994-95 Airport budget, as approved by the Board of Supervisors, anticipated that the rates and fees identified in the subject legislation would be approved.

Memo to Budget Committee
August 24, 1994 Budget Committee Meeting

Recommendation: Approve the proposed resolutions.

A handwritten signature in dark ink, appearing to read "Harvey M. Rose".

for Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

SF
S90.07
#2
8/31/94

11/1 CALENDAR... ACTION TAKEN
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.

AUG 27 1996

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WEDNESDAY, AUGUST 31, 1994 - 1:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO

ABSENT: SUPERVISOR BIERMAN

CLERK: MARY L. RED

1. File 100-94-1.3. [Release Reserve Funds, Ethics Commission] Hearing requesting release of reserved funds, Ethics Commission, in the amount of \$162,504, for permanent salaries-miscellaneous, mandatory fringe benefits, materials and supplies, other non-personal services, travel, equipment, reproduction, and mail services. (Ethics Commission)

ACTION: Release of reserved funds in the amount of \$156,960 approved retroactively; remainder of funds to be retained in Ethics Commission's budget on reserve. FILED.

2. File 101-94-9. [Appropriations Limit for FY 1994-95] Resolution establishing the appropriations Limit for Fiscal Year 1994-95 pursuant to California constitution Article XIII B. (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

3. File 74-94-1. [Tax Rate Setting] Ordinance providing revenue and levying taxes for City and County purposes for the Fiscal Year ending June 30, 1995. (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

4. File 74-94-2. [Tax Rate Setting] Ordinance providing revenue and levying taxes for San Francisco Unified School District purposes for the Fiscal Year ending June 30, 1995. (Supervisor Alioto).

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

5. File 74-93-3. [Tax Rate Setting] Ordinance providing revenue and levying taxes for San Francisco Community College District purposes for the Fiscal Year ending June 30, 1995. (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

6. File 101-94-2.3. [Government Funding] Ordinance amending the Annual Appropriation Ordinance, 1994-95, File 101-94-2, giving effect to revenue changes pursuant to Charter Section 6.208 and adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 6.400, and adjusting appropriations to meet the requirements of the Airport, as a pre-requisite to levy a tax pursuant to Charter Section 6.208. (Controller).

ACTION: Consideration continued to September 14, 1994.

7. File 101-93-109.1. [Release Reserve Funds, \$895,700, DPH] Hearing requesting release of reserved funds, Department of Public Health, in the amount of \$895,700 to allow for the implementation of the Managed Care Information System Project (Shared Medical System, contractor). (Also see File 172-94-32) (Department of Public Health)

ACTION: Release of reserved funds in the amount of \$895,700 approved. FILED.

8. File 172-94-32. [Contract, DPH/Shared Medical Systems Corporation] Resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Shared Medical Systems Corporation to provide data processing services with Shared Medical System Corporation's proprietary software. (Also see File 101-93-109.1) (Supervisor Alioto)

ACTION: RECOMMENDED.

9. File 64-94-5. [Lease, Vacant Caltrans Property, Homeless Shelter] Resolution urging the Mayor to pursue leasing of vacant Caltrans property for \$1.00 per month for homeless shelter or housing. (Supervisors Bierman, Alioto)

ACTION: Consideration continued to call of the chair.

10. File 124-94-8.1. [Penalty Fee for Towed Car] Hearing to consider the Department of Parking and Traffic's increase of the penalty fee for a towed car from \$110 to \$120. (Supervisor Kennedy)

ACTION: Hearing held. Consideration continued to call of the chair.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

August 29, 1994

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: August 31, 1994 Budget Committee Meeting

Item 1 - File 100-94-1.3

Department: Ethics Commission

Item: Release of reserved funds for the Ethics Commission, in the amount of \$162,504, for permanent salaries, mandatory fringe benefits, materials and supplies, other non-personal services, travel, equipment, reproduction, and mail services.

Amount: \$162,504

Source of Funds: General Fund

Description: Proposition K, which was approved by the San Francisco electorate in November of 1993, created an Ethics Commission. This Commission consists of five members representing the Mayor, the Board of Supervisors, the City Attorney, the District Attorney and the Controller's Office.

The primary responsibilities of the Ethics Commission are to (1) administer the provisions of San Francisco's Municipal Elections Campaign Contribution Control Ordinance, (2) act as the filing officer for documents regarding provision of the City's lobbyist registration ordinance, (3) audit campaign statements and investigate alleged violations related to campaign finance, governmental ethics and conflicts of interest, (4) maintain a Whistleblower hotline, (5) assist City departments with conflict of interest codes, and (6) make recommendations on campaign

Memo to Budget Committee
August 31, 1994 Budget Committee Meeting

finance reforms, conflict of interest and lobbying laws. Members of the Commission are not compensated for their duties.

During the 1994-95 budget process, the entire \$162,504 budgeted for the Ethics Commission was placed on reserve pending the Commission's submission of budget details.

The Ethics Commission's projected budget expenditures totaling \$156,960 for 1994-95, are as follows:

Personnel

1368 Special Assistant IX - Interim (\$1,754 x 3.68 pay periods)	\$6,455	
1373 Special Assistant XIV - Permanent (\$5,552 x 9 months)	49,968	
1361 Special Assistant II (\$2,617 x 9 months)	23,553	
1426 Senior Clerk Typist (\$2,557 x 9 months)	<u>23,013</u>	
Subtotal - Salaries		\$102,989
Fringe Benefits (17%)		<u>17,508</u>
Subtotal - Personnel		\$120,497

Operating Expenses

Personal Services Contracts (As Needed Auditors, Special Investigators, Clerical Support)	\$11,000	
Materials and Supplies:		
File Cabinets, Desks, Chairs and Paper		
Supplies for Three Staff	5,000	
Copier Rental	1,800	
Maintenance of Equipment	1,441	
Reproduction	2,850	
Telephone	2,987	
Mail Services	2,000	
Travel:		
Over-night trip for two to Los Angeles to meet and confer with the Los Angeles Ethics Commission	800	
Equipment:		
Personal Computer (3 @ \$2,215 each)	6,645	
Printer	1,415	
Software	<u>525</u>	
Subtotal		<u>36,463</u>
Total		\$156,960

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. The Ethics Commission advises that the Special Assistant IX (Interim) noted above, is serving as the interim Executive Director for the period August 11, 1994 through September 30, 1994. The Ethics Commission anticipates that the permanent Executive Director position (Special Assistant XIV) along with the Special Assistant II and the Senior Clerk Typist positions will be filled effective October 3, 1994.

2. Mr. Harry Joel, interim Executive Director of the Ethics Commission, advises that although he has been serving as the interim Executive Director since August 11, 1994, he has not, as yet, been paid for his services, pending the release of these reserved funds. As such, the request for the release of reserve funds should be approved retroactively.

3. The Ethics Commission reports that the above-noted Personal Services Contracts for Auditors and Special Investigators will be used on an as needed basis for required investigation of complaints. The Ethics Commission intends to hire individuals for these positions from agencies such as temporary employment agencies and other employment services. Additionally, the Commission advises that temporary clerical support may be needed at specific times of the year to meet requirements regarding the Commission's oversight of filing of candidates campaign statements.

4. The Ethics Commission is currently housed in Room 158 of City Hall. Mr. Joel, advises that the Commission has not yet established where it will relocate for the period of time in which the seismic retrofit work is being performed on City Hall. As a result, no rental expenses are included in the proposed budget.

5. As noted above, the Ethics Commission's total projected expenditure for 1994-95 is \$156,960 or \$5,544 less than the \$162,504 requested amount. As such, \$156,960 should be released from reserve and \$5,544 should continue to be reserved.

6. The Ethics Commission has requested that the \$5,544 not be returned to the General Fund because, (1) without prior experience, the Commission is uncertain as to whether the \$11,000 budgeted for as needed Auditors, Special Investigators and clerical support will be sufficient to meet the Commission's required needs and (2) the Commission may have to pay rental costs if it cannot be relocated to City-owned property while City Hall is being seismically upgraded.

Memo to Budget Committee
August 31, 1994 Budget Committee Meeting

Recommendation: Release \$156,960 of the \$162,504 from reserve retroactively and continue to reserve the remaining balance of \$5,544 until detailed justifications for additional expenses are submitted to the Budget Committee.

Memo to Budget Committee
August 31, 1994

Item 2 - File 101-94-9

1. The proposed resolution would establish \$1,076,356,470 as the 1994-95 net appropriation limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

2. On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage change in population and the lesser of the percentage change in the cost of living or in per capita personal income. The State Government Code requires that each local government establish its appropriation limit (Gann Limit) by resolution each year.

3. The City's net Gann Limit must be adjusted for Trial Court Funding revenues. A transfer of an estimated \$15,415,000 of the City's Gann Limit must be made to the State of California in order to receive a State Trial Court Funding Block Grant of an equivalent amount. The State requires that the City and County Gann Limit be decreased by the net revenue amount that the City and County will receive from the State for Trial Court Funding so that the State Gann Limit can be increased by that same amount.

4. The Controller has computed the 1994-95 Gann Limit for the City and County of San Francisco as follows (percentages and computed amounts have been rounded by the Controller):

1993-94 Gross Gann Limit	\$1,071,643,477
Adjusted by:	
Increase in Cost of Living	.71%
Increase in Population	1.16%
1994-95 Gross Gann Limit	\$1,091,771,470*
Less Trial Court Funding Revenues	<u>15,415,000</u>
1994-95 Net Gann Limit	\$1,076,356,470

* 1.0071 times 1.0116 equals 1.0188 times \$1,071,643,477.

5. The Controller's Office monitors revenues affected by the Gann Limit throughout the year. At year end, a final computation is prepared comparing actual proceeds of taxes to the Gann Limit. At that time, two tests must be met. First, all actual proceeds of taxes must be below the Gann Limit; and second, all actual proceeds of taxes collected must be appropriated. If either test is not met, according to Article XIII B excess revenues collected must be returned to the taxpayers within two years.

6. The amount appropriated in the City's fiscal year 1994-95 budget that is subject to the Gann Limit is \$879,134,279 which is \$197,222,191 less than the net 1994-95 Net Gann Limit of \$1,076,356,470. In accordance with the Annual Appropriation Ordinance, all other 1994-95 tax proceeds are appropriated to the City's General Fund General Reserve which is used as a revenue source to fund supplemental appropriations during the current fiscal year and the City's budget for the next fiscal year.

Comments

1. The Gann Limit was first applied in 1980-81 using the actual 1978-79 appropriations that would have been subject to the limit, had it existed then, as the base year (as called for by Article XIII B of the California Constitution). The 1978-79 base was adjusted for changes in per capita personal income, cost of living and population to obtain the 1980-81 limit. In each successive year, the prior year's limit was used as the base for computation of the new limit.

2. State Proposition 111, approved by the voters in June 1990, made several changes to the Article XIII B (3) which are reflected in the City's computations including an adjustment to exclude appropriations for "Qualified capital outlay as defined by the legislature" from proceeds of taxes. This results in a reduction of \$19,112,902 for fiscal year 1994-95, from appropriations of proceeds of taxes subject to the limit.

3. Based on the City Attorney's memorandum of opinion of June 14, 1988, the City is excluding Court and Federal mandates from appropriations subject to the limit. The City Attorney has advised that the exclusion of Court and Federal mandates is consistent with the meaning of Article XIII B. No legal challenges have been filed questioning this interpretation. The five mandates for FY 1994-95 totaling \$64,233,444 that were identified by a survey of all City departments and verified by the Controller's Office are as follows:

Police Consent Decree	\$34,921,960
Jail Overcrowding	13,305,672
Federal Resource Conservation Act (Toxics)	4,265,847
Firefighters Consent Decree	3,077,218
Back Pay Cases	<u>8,662,747</u>
Total Court and Federal mandates	\$64,233,444

Recommendation

Approve the proposed resolution.

Items 3, 4 and 5 - Files 74-94-1, 74-94-2 and 74-94-3

The proposed ordinances would establish the 1994-95 property tax rates for the City and County of San Francisco (File 74-94-1), for the San Francisco Unified School District (File 74-94-2) and for the San Francisco Community College District (File 74-94-3). The rate proposed for the City's general tax rate of \$1.00 per \$100 of assessed valuation is the maximum allowable rate. The total tax rate of \$1.163, as calculated by the Controller, includes bond interest and redemption charges. The proposed 1994-95 tax rate reflects an increase of \$.013 for each \$100 of assessed valuation, or 1.1 percent, over the 1993-94 tax rate of \$1.15. The Controller's Office reports that the increase in the tax rate for 1994-95 reflects the higher debt service requirements for the City's General Obligation bonds.

The actual 1993-94 tax rates and the proposed 1994-95 tax rates are as follows:

<u>General Tax Rates</u>	<u>Actual 1993-94 Rate</u>	<u>Proposed 1994-95 Rate</u>	<u>Increase (Decrease)</u>
City and County of San Francisco:			
General Fund	\$0.84918319	\$0.82418319	\$(.025)
Children's Fund	.0250	.0250	-
Open Space Acquisition Fund	.0250	.0250	-
County Superint. of Schools	.00097335	.00097335	-
Library Preservation Fund	0	.0250	.0250
S.F. Unified School District	.07698857	.07698857	-
S.F. Community College District	.01444422	.01444422	-
Bay Area Air Quality Management District	.00208539	.00208539	-
Bay Area Rapid Transit District	<u>.00632528</u>	<u>.00632528</u>	-
Subtotal, General Tax Rate	\$1.00	\$1.00	-
<u>Rates for Bonded Indebtedness</u>	<u>Actual 1993-94 Rate</u>	<u>Proposed 1994-95 Rate</u>	<u>Increase (Decrease)</u>
City and County of San Francisco	\$0.12208013	\$0.13536743	\$0.0132873
S. F. Unified School District	.00391987	.00413257	.0002127
Bay Area Rapid Transit District	<u>.0240</u>	<u>.0235</u>	<u>(.000500)</u>
Subtotal, Bonded Indebtedness	<u>\$0.150</u>	<u>\$0.163</u>	<u>\$0.0130</u>
Total Combined Tax Rate	\$1.15	\$1.163	\$0.0130

Memo to Budget Committee
August 31, 1994

The proposed tax rate ordinance reflects the above rates. However, Ms. Susan Andrus of the Controller's Office reports that during the States's fiscal year 1994-95 budget deliberations, the State shifted \$144 million of property taxes from the City's General Fund to the San Francisco Community College District and the San Francisco Unified School District. This State tax shift does not result in a change to the total tax rate, as reflected above. However, as a result, the following rates reflect the actual anticipated effect of the proposed shift of these taxes:

<u>General Tax Rates</u>	<u>Proposed 1994-95 Rate</u>	<u>Estimated State Shift</u>	<u>Effect After State Shift</u>
City and County of San Francisco:			
General Fund	\$0.82418319	\$(-.25216000)	\$.57202319
Children's Fund	.0250	-	.0250
Open Space Acquisition Fund	.0250	-	.0250
County Superint. of Schools	.00097335	-	.00097335
Library Preservation Fund	.0250	-	.0250
S.F. Unified School District	.07698857	.21208806	.28907663
S.F. Community College District	.01444422	.04007194	.05451616
Bay Area Air Quality Management District	.00208539	-	.00208539
Bay Area Rapid Transit District	<u>.00632528</u>	-	<u>.00632528</u>
Subtotal, General Tax Rate	\$1.00	-	\$1.00
<u>Rates for Bonded Indebtedness</u>			
City and County of San Francisco	\$0.13536743	-	\$0.13536743
S. F. Unified School District	.00413257	-	.00413257
Bay Area Rapid Transit District	<u>.0235</u>	-	.0235
Subtotal, Bonded Indebtedness	\$0.163	-	\$0.163
Total Combined Tax Rate	\$1.163	-	\$1.163

As compared with the current 1993-94 \$1.15 tax rate, the 1994-95 proposed \$1.163 tax rate will have the following effect on a tax bill for a \$300,000 residence:

<u>1993-94</u>	<u>Value</u>	<u>Property Tax</u>
Assessed Value (1992-93)	\$294,118	
Add Annual 2% Increase	<u>5,882</u>	
Subtotal	\$300,000	
Less Homeowners Exemption	<u>7,000</u>	
Total	\$293,000	divided by \$100 x \$1.15 = \$3,369.50

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
August 31, 1994

<u>Property Tax</u>	<u>1994-95</u>	<u>Value</u>
Assessed Value (1993-94)	\$300,000	
Add Annual 2% Increase	<u>6,000</u>	
Subtotal	\$306,000	
Less Homeowners Exemption	<u>7,000</u>	
Total	\$299,000	divided by \$100 x \$1.163 = <u>\$3,477.37</u>

Net Increase in Property Tax Bill

\$107.87

As indicated above, homeowners would experience an increase due to normal inflation at the two percent rate, as allowed under Proposition 13. In the \$300,000 residence example reflected above, this inflationary increase results in additional taxes of \$69 and the proposed increase in the tax rate of \$0.163 results in an additional tax increase of \$38.87, for a total estimated tax increase of \$107.87.

Recommendation

Approve the proposed ordinances.

Item 6 - File 101-94-2.3

The proposed ordinance would amend the previously approved 1994-95 Annual Appropriation Ordinance (File No. 101-93-2), giving effect to revenue changes pursuant to Charter Section 6.208 and adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 6.400 (a) (2) (E) and adjusting appropriations to meet the requirements of the Airport, as a prerequisite to levy a tax pursuant to Charter Section 6.208.

Comments

1. According to the Controller's Office, the proposed amendments to the Annual Appropriation Ordinance are being transmitted at this time, in conjunction with the adoption of the tax rates (See Items 3, 4 and 5 - Files 74-94-1, 74-94-2 and 74-93-3 of this report), which must comply with the Charter imposed deadlines. However, Mr. John Madden of the Controller's Office reports that there is not a deadline for approval of the proposed subject ordinance.

2. The Controller's Office further reports that the proposed changes to the Annual Appropriation Ordinance do not reflect the budgetary items that are currently being considered by the Board of Supervisors and the Mayor. As a result, the proposed changes to the Annual Appropriation Ordinance do not include the Mayor's proposed line item vetos or budgetary reductions. Rather, the proposed ordinance assumes that the Property Transfer Tax increase will be approved. Given that these budgetary issues have not yet been fully resolved, that such changes may affect the proposed revenue and expenditure adjustments and that there is not a deadline for approval of the proposed changes to the Annual Appropriation Ordinance, the Budget Analyst recommends that the proposed ordinance be continued pending the outcome of these remaining budget issues.

Recommendation

Continue the proposed ordinance.

Items 7 and 8 - Files 101-93-109.1 and 172-94-32

- Department:** Department of Public Health (DPH)
- Item:** Request for release of \$895,700 of reserve funds for the implementation of the Managed Care Information System project (File 101-93-109.1).
- Resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Shared Medical Systems Corporation (SMS) to provide data processing services with Shared Medical System Corporation's proprietary software (File 172-94-32).
- Amount:** \$895,700 of reserved funds (File 101-93-109.1).
- A maximum of \$21,319,026 through fiscal 1999-2000 for the Shared Medical Systems data processing services contract (File 172-91-32).
- Source of Funds:** Unappropriated State Disproportionate Share Payments (SB855) in the Health Care Management Information System (MIS) Reserve (File 101-93-109.1), Medi-Cal revenues, and SB1255 funds (File 172-91-32).
- Description:** On May 9, 1994 the Board of Supervisors approved a supplemental appropriation (Ordinance No. 197-94) to begin implementation of a management information system (MIS) development plan to augment the current SFGH patient billing system and support implementation of managed care as required by the State of California Department of Health Services and anticipated Federal health care reform. Managed care will require replacement of current *fee-for-service* patient billing practices with *capitated revenue* for provision of public health and hospital services to Medi-Cal eligible health care recipients receiving services from Community Health Services, SFGH, Laguna Honda Hospital and the DPH Division of Mental Health, Substance Abuse and Forensics. The DPH states that implementation of the system is necessary to preserve \$120 million annually in current patient care revenue and \$120 million annually in future capitated Medi-Cal payments. This supplemental appropriation originally included:
- Augmentation of the current SFGH Patient Billing system with a *remote computing option* system to be operated by the firm of SMS (Shared Medical Systems) to support current annual patient care Medi-Cal revenue of approximately \$100 million. This system was to be

acquired on a sole source basis, as recommended by the DPH MIS consultant (Coopers and Lybrand) and the City's Electronic Information Processing Steering Committee (EIPSC), to replace the current SFGH IBM mainframe computer which was described as obsolete.

- Provision of additional terminals and printers for orders/results capability on treatment units.
- Initiation of a managed care network supporting implementation of the local managed care initiative and supporting approximately \$120 million annually in capitated revenue.

The Board of Supervisors approved the supplemental appropriation for the initial implementation of the MIS system, but placed \$895,700 on reserve for the contract with Shared Medical Systems (SMS) for installation of the SMS Remote Computing Option (RCO) and technical support, as this contract with SMS was still under negotiation at the time.

Contract negotiations between the DPH and SMS have now been completed. The MIS system specifications in the proposed contract would link the District Health Centers, San Francisco General Hospital (SFGH), Laguna Honda Hospital (LHH), clinical laboratories, radiology, mental health and other DPH sites. Functions performed by the MIS would include patient registration, appointment scheduling, billing, service orders and lab results, patient data, eligibility information and clinical records. Attachment 1 to this report provides a diagram of the MIS network model, and Attachment 2 provides a list of DPH locations linked by the SMS network. The proposed contract as negotiated with SMS would now provide the following services:

1. RCO Processing and Storage: the Remote Computing Option system would provide DPH with the use of SMS's proprietary software for patient billing and registration, patient accounts, clinical records, lab orders and results, and other data and exchange capabilities.
2. Network installation and use: SMS will install a network to connect DPH sites with each other and with SMS's MIS Systems Center in Malvern, PA. In addition to installation, the SMS contract includes annual charges for use of the network.

3. Installation of software and implementation of DHS's MIS system at SMS's Information Systems Center in Malvern, PA.

4. Training and education, and software upgrades, interfaces with additional locations, and other software customization services.

Budget:

This proposed resolution authorizes a maximum cost of \$21,319,026 for the contract with SMS, which includes a maximum cost of \$18,212,538 for the MIS system through fiscal 1999-2000, plus an optional expansion of the MIS system to include the new psychiatric hospital, at a cost not to exceed \$3,106,488 (\$21,319,026 less \$18,212,538 equals \$3,106,488).

Under the proposed contract, payment to SMS will be based on a combination of one time charges and ongoing volume-based user charges. The contract with SMS contains fiscal year budget caps for each year from fiscal 1994-95 through 1999-2000, which are based on both system specifications and projected use of the system. The six year projections used to develop the budget caps in the contract are presented in Attachment 3 to this report. The budget cap for each year has been negotiated between DPH and SMS, and represents the maximum amount that the DPH will pay SMS for services in each fiscal year. Actual charges may be lower if volume is lower than anticipated. If costs are higher due to higher volume use, DPH will still pay the amount of the budget cap for that year.

The budget caps for each year of the SMS contract are as follows:

<u>Fiscal Year</u>	<u>Budget Cap</u>
1994-1995	\$ 2,590,439
1995-1996	\$ 2,631,839
1996-1997	\$ 3,431,520
1997-1998	\$ 3,065,374
1998-1999	\$ 3,184,656
1999-2000	<u>\$ 3,308,710</u>
TOTAL	<u>\$18,212,538</u>

The budget caps for the SMS contract presented above are for the primary project, which is the MIS system for the hospitals and clinics discussed above. In addition, the SMS contract includes an optional expansion of the MIS system to connect the new DPH skilled nursing psychiatric hospital, for an additional cost not included in the budget caps.

Attachment 3 to this report shows the estimated annual cost of \$3,297,421 for the psychiatric hospital option.

As previously noted, this proposed resolution authorizing the contract with SMS would approve a cost for such contract of up to \$21,319,026, which includes \$18,212,538 for the primary MIS project (assuming DPH pays the full budget cap amount each year), plus an additional \$3,106,488 for the optional connection of the psychiatric hospital to the MIS system (\$21,319,026 less \$18,212,538 equals \$3,106,488). Although Attachment 3 shows the total estimated cost for the addition of the psychiatric hospital at \$3,297,421, the DPH indicates it will negotiate a budget cap of \$3,106,488 through fiscal 1999-2000 such that the total project cost will not exceed the \$21,319,026 authorized by this proposed resolution.

Comments:

1. The Budget Analyst's report of April 25, 1994 (File 101-93-109) noted that the DPH is sole sourcing the contract with Shared Medical Systems without using a competitive selection process, and recommended that this issue was a policy matter for the Board of Supervisors. According to Mr. David Counter, Director of Management Information Systems at DPH, DPH originally selected SMS's patient registration and billing system in fiscal 1988-89 as a result of a competitive selection process. Using SMS for the MIS project allows DPH to build upon DPH's current registration and billing system rather than replacing this system at considerable cost and delay of revenue collection.

In addition, an analysis of information system vendors was performed by the health care information systems group at Coopers & Lybrand, in an effort to identify the vendor that would meet key MIS requirements for DPH. Coopers & Lybrand recommended SMS as the preferred vendor and technology. In addition, on April 12, 1994 EIPSC approved DPH's request to proceed with the MIS project, with the understanding that Shared Medical Systems is the proposed vendor. EIPSC noted that SMS is the leading vendor of health care MIS systems in the world and is currently being used by the following eight counties in California: Alameda, Orange, Riverside, San Bernadino, San Diego, San Francisco, Santa Clara, and Yolo County.

2. According to Mr. Counter, the proposed release of reserved funds in the amount of \$895,700 (File 101-93-109.1) was based on an earlier estimate of the cost of implementing a portion of the MIS project. The cost of MIS installation and implementation for fiscal year 1994-95 under the negotiated

contract with SMS is capped at \$2,590,439. The cost estimate in Attachment 3 for fiscal year 1994-95 equals \$2,748,984, or one-time charges of \$1,130,932 plus estimated costs for fiscal 1994-95 of \$1,618,052 (excluding the psychiatric hospital option).

The \$895,700 in released reserves would be applied to the SMS contract costs for fiscal 1994-95, leaving a balance of \$1,694,739 to be paid from DHS's fiscal 1994-95 operating budget (\$2,590,439 budget cap less \$895,700 equals \$1,694,739). Mr. Peter Praetz of DPH reports that these costs would be paid from a combination of patient revenues, SB855 funds and SB1255 funds included in DPH's fiscal 1994-95 budget. Although the MIS project will, when completed, serve most DPH facilities, Mr. Praetz reports that the majority of the work on the MIS project in year one (fiscal year 1994-95) will be focused on SFGH and funded from SFGH revenues.

Mr. Praetz reports that for fiscal year 1994-95, SFGH patient revenues are estimated at \$120 million, while approximately \$29 million of SB855 funds and approximately \$10.5 million in SB1255 funds are included in the SFGH budget for fiscal 1994-95, for a total of approximately \$159.5 million in revenues. The \$1,694,739 expenditure for the MIS system represents approximately 1.1% of SFGH's projected revenues for fiscal 1994-95. The total expenditure of \$2,590,439 (\$895,700 of reserved funds plus \$1,694,739 from the SFGH budget) represents approximately 1.6% of SFGH's projected revenues for fiscal 1994-95.

- Recommendations:**
1. Approve the resolution authorizing the contract between DPH and Shared Medical Systems.
 2. Approve the release of \$895,700 in reserved funds for the payment of contract costs to Shared Medical Systems for fiscal 1994-95.

City and County of San Francisco
 Department of Public Health
 Management Information Systems
 Application/ Network System Model

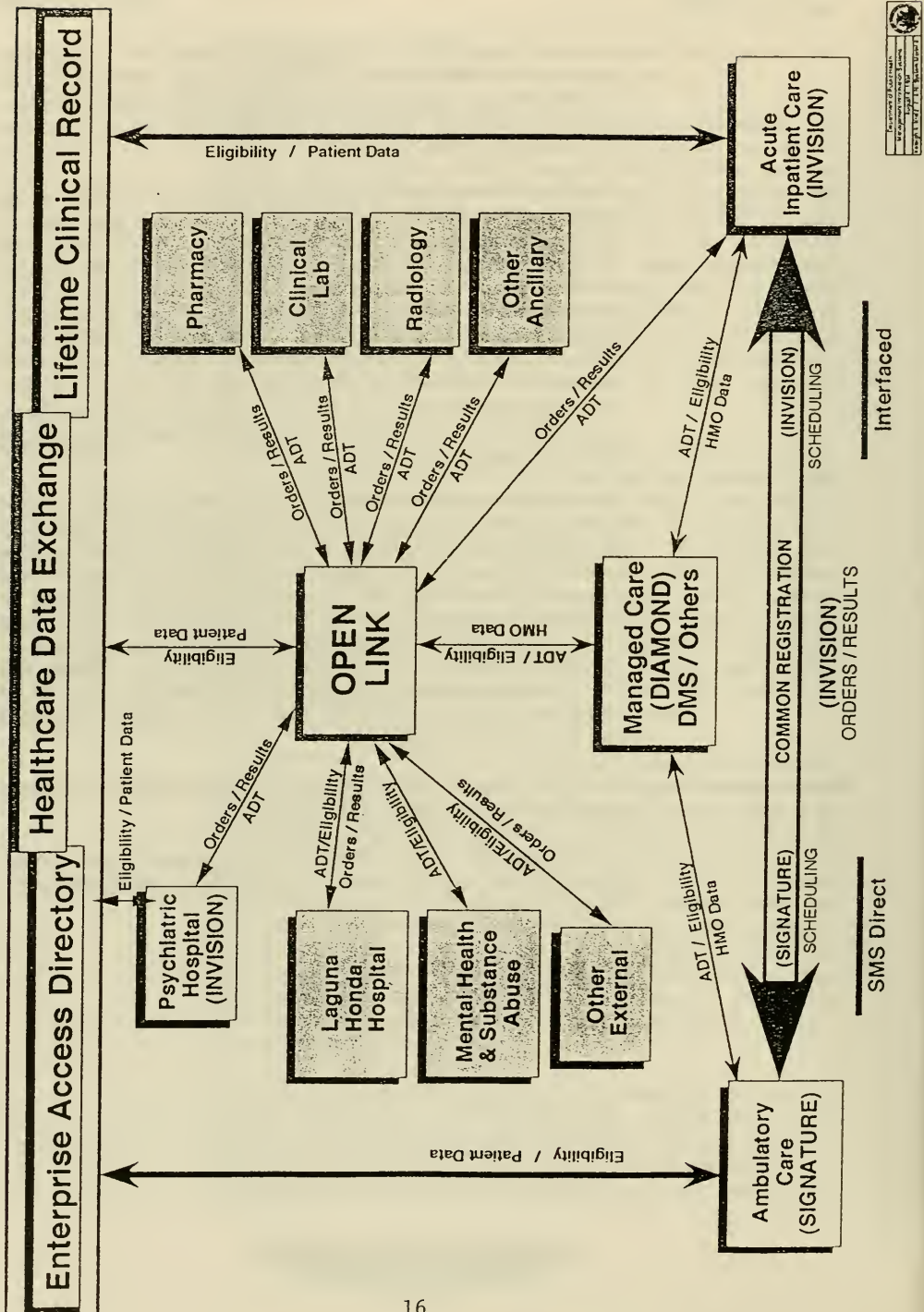


EXHIBIT D

CITY AND COUNTY FACILITIES AND LOCATIONS

CONFIDENTIAL

San Francisco General Hospital (SPGH)
1001 Potrero Avenue
San Francisco, CA 94110

SPGH Adult General Medicine Clinic
1001 Potrero Avenue
San Francisco, CA 94110

SPGH Family Health Center
1001 Potrero Avenue
San Francisco, CA 94110

Health Center #1
3850 17th Street
San Francisco, CA 94114

Health Center #2
1301 Pierce Street
San Francisco, CA 94115

Health Center #3
1525 Silver Avenue
San Francisco, CA 94134

Health Center #4
1490 Mason Street
San Francisco, CA 94133

Health Center #5
1351 24th Avenue
San Francisco, CA 94122

Potrero Hill Health Center
1050 Wisconsin Street
San Francisco, CA 94107

Southeast Health Center
2401 Keith Street
San Francisco, CA 94124

Tom Waddell Health Center
50 Ivy Street
San Francisco, CA 94102

EXHIBIT D

CITY AND COUNTY FACILITIES AND LOCATIONS

CONFIDENTIAL

Laguna Honda Hospital
375 Laguna Honda Blvd.
San Francisco, CA 94116

Psychiatric Hospital is included when
SMS receives notification CCSF wishes
to exercise its option as outlined in
Exhibit A Section 12.

Attachment 3: Cost Estimate for MIS Project

	One Time Charge	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	Total
RCO Processing & Storage		\$778,869	\$2,204,370	\$2,782,449	\$2,884,779	\$2,992,970	\$3,105,489	\$14,748,926
Network Installation & Use	\$ 107,338	190,773	264,538	275,120	286,125	297,570	309,473	1,730,937
SMS Implementation		600,000	500,000	370,840	0	0	0	1,470,840
Additional Costs (1)	1,023,594	340,080	374,810	353,320	253,320	253,320	253,320	2,851,764
Total Before Discounts	\$1,130,932	\$1,919,722	\$3,343,718	\$3,781,729	\$3,424,224	\$3,543,860	\$3,668,282	\$20,802,467
SMS Discounts	<u>(0)</u>	<u>(291,670)</u>	<u>(870,000)</u>	<u>(350,004)</u>	<u>(350,004)</u>	<u>(350,004)</u>	<u>(350,004)</u>	<u>(2,561,686)</u>
Total, Phase I	<u>\$1,130,932</u>	<u>\$1,618,052</u>	<u>\$2,473,718</u>	<u>\$3,431,725</u>	<u>\$3,074,220</u>	<u>\$3,193,856</u>	<u>\$3,318,278</u>	<u>\$18,240,781</u>
Psychiatric Hospital Option	247,100	468,852	548,189	499,131	505,096	511,300	517,752	\$3,297,421
SMS Project Total	<u>\$1,378,032</u>	<u>\$1,922,522</u>	<u>\$2,967,113</u>	<u>\$3,930,856</u>	<u>\$3,579,316</u>	<u>\$3,705,156</u>	<u>\$3,836,030</u>	<u>\$21,319,026</u>

Note:

(1) Additional costs include interfaces and conversions, training and education, support services, and vendor travel and expenses.

Item 9 - File 64-94-5

Department: Mayor's Office

Item: The proposed resolution would urge the Mayor to pursue leasing of vacant Caltrans property for \$1.00 per month for homeless shelter or housing.

Description: The State Legislature approved Senate Bill (SB) 120 on October 2, 1993. Under SB 120, "Any airspace under a freeway, or real property acquired for highway purposes, in the City and County of San Francisco, which is not excess property, may be leased by the department (Caltrans) to the City and County or another political subdivision or a State agency for purposes of an emergency shelter or feeding program." This legislation provides that the lease amount for such property shall be \$1.00 per month. In addition, the lessee would be responsible for the payment of an administrative fee not to exceed \$500 per year, unless Caltrans determines that a higher administrative fee is necessary, for its cost of administering the lease. Attached is a letter from Assemblyman John L. Burton, co-author of SB 120, which provides clarification regarding what types of Caltrans property this legislation was intended to include.

The proposed legislation would (1) urge the Mayor to request from Caltrans a list of all vacant property owned by Caltrans in San Francisco, (2) urge the Mayor to formally request the lease of any property which may be covered under SB 120 and (3) urge the Mayor to initiate a formal request for use of vacant property located at 66 Berry Street, which is owned by Caltrans (see Comment 3 below). According to the proposed legislation, this vacant property had been purchased for highway expansion that is no longer planned.

Comments: 1. As noted above, under SB 120, "excess property" is excluded from the categories of properties that may be leased by Caltrans to the City and other public entities for homeless services. Mr. Clyde Ongaro of Caltrans advises that Caltrans interprets "excess property" to be property which is surplus to Caltrans needs (property that is no longer required for project purposes). Such surplus property under Caltrans regulations must be sold and, according to Caltrans, would not be available for lease under SB 120.

2. Mr. Larry Appiano of Caltrans reports that currently Caltrans owns approximately 160 airspace properties in San Francisco. According to Caltrans, such properties can consist of vacant land or developed land (i. e., land which includes one or more buildings) under freeways. Of these airspace properties,

BOARD OF SUPERVISORS
BUDGET ANALYST

approximately 85 percent are currently being leased (40 percent of these are scheduled to be used in connection with future seismic retrofit projects), leaving approximately 15 percent which are potentially available for lease. According to Mr. Appiano, of those airspace properties that are currently available for lease, none include buildings, with the exception of one or two which include storage facilities. Mr. Appiano, adds that outside of airspace properties, Caltrans currently does not own any other property in the City except that which falls under the category of surplus property.

3. As previously noted, the proposed legislation would urge the Mayor to initiate a formal request for use of vacant property located at 66 Berry Street. According to Mr. Appiano, this property, which includes six old warehouse buildings (four of which are currently being leased and two of which are being used by Caltrans) and some vacant land, is surplus property and preliminary negotiations are in process to sell this property to the Port. Mr. Jim Lazarus of the Port confirms that such negotiations are currently underway to purchase this property pursuant to AB84, enacted in 1984, which gives the Port first right to buy this property. According to Mr. Lazarus, if the Port is able to acquire this property it may be used, in combination with existing Port property, for a ball park or arena at some future date. Mr. Lazarus notes that once purchased, this property could be available for some undetermined interim use until it has been decided whether the property will be used for a ball park or arena.

4. Ms. Eleanor Jacobs, Homeless Coordinator of the Mayor's Office advises that the Mayor's Office has evaluated the suitability of the vacant airspace properties that are currently available for lease from Caltrans. According to Ms. Jacobs, the Mayor's Office believes that the cost to construct a homeless shelter on any of these vacant properties would be prohibitive at this time. Ms. Jacobs adds that no specific funding has been identified to construct such shelters.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

SACRAMENTO ADDRESS

State Capitol
Sacramento, CA 95814
(916) 445-8253

DISTRICT OFFICE

455 Golden Gate Avenue
State Building, Suite 2202
San Francisco, CA 94102
(415) 557-2253

Assembly California Legislature

JOHN BURTON
MEMBER OF THE ASSEMBLY
Twelfth District

CHAIRMAN:
RULES

COMMITTEES:
HEALTH
WAYS AND MEANS



May 31, 1994

Supervisor Sue Bierman
City Hall, Room 235
San Francisco, CA 94102

Dear Supervisor Bierman:

In 1993, Senator Quentin Kopp and I authored SB 120, which allows San Francisco to utilize vacant Caltrans property for homeless services.

I understand you have introduced a resolution to the Board of Supervisors requesting the City to take some action to acquire vacant Caltrans property pursuant to this legislation. I also understand there may be some confusion as to whether this bill was solely intended for airspace under freeways or intended only for vacant lots.

The legislation was intended to apply to any property acquired by Caltrans for freeway expansion. This includes areas under freeways and areas where freeway expansion was planned. Further, the intention was for buildings, as well as any use of vacant lots.

The legislation states: "Any airspace under a freeway, or real property acquired for highway purposes, in the City and County of San Francisco, which is not excess property, may be leased by the department to the city and county or another political subdivision or a state agency for purposes of an emergency shelter or feeding program."

Thank you for your help in implementing this legislation.

Peace and friendship,

A handwritten signature in dark ink, appearing to read "John L. Burton".

JOHN L. BURTON
Member of the Assembly
Twelfth District

cc: San Francisco Tenants Union

Item 10 - File 124-94-8.1

Department: Department of Parking and Traffic (DPT)

Item: Hearing to consider the Department of Parking and Traffic's increase of the fee for towed cars from \$110 to \$120.

Description: Owners of towed vehicles are currently required to pay \$120 in order to retrieve their vehicles at the City Tow facility, located at 1475 Mission Street. Of this \$120 per vehicle fee, City Tow collects and submits \$45 to the Department of Parking and Traffic (DPT), \$30 of which pays for DPT's operating expenses for the towing program and \$15 of which accrues to the General Fund. City Tow retains the remaining \$75 of the \$120 tow charge for itself and its subcontractors.

Under the City's prior contract with City Tow, which expired on May 31, 1994, owners of towed vehicles were required to pay \$110, or \$10 less than the current \$120 charge, in order to retrieve their vehicles at the City Tow facility. Of this \$110 per vehicle towing fee, City Tow collected and submitted \$20 to DPT to cover DPT's operating costs and retained the remaining \$90 for itself and its subcontractors. The \$120 fee became effective on June 1, 1994.

However, after reassessing DPT's operating costs for the towing program, including parking control officers' and dispatchers' salaries, equipment and the citizen complaint program, DPT determined that it would be necessary to increase the administrative fee paid by owners of towed vehicles by \$10, from \$20 to \$30 per towed vehicle, thereby increasing the total fee from \$110 to \$120 per vehicle, in order to cover DPT's actual operating expenses and to pay for the provision of new services by DPT. Ms. Lisbet Engberg of DPT advises that one such new service, which is expected to be offered starting by mid to late October 1994, will be the tow release desk located at City Tow's facility on 1475 Mission Street. This new service will allow owners of towed vehicles to obtain a tow release from DPT at the same location at which they retrieve their vehicles, thereby avoiding a separate trip to DPT's office at 850 Bryant Street to acquire a tow release. Therefore, as previously noted, City Tow now receives \$120 per vehicle from owners of towed vehicles, \$30 of which it submits to DPT for operating expenses.

In November of 1993, DPT issued an invitation for bids for a new towing contract. DPT's tow contractor selection process consisted of three phases. In Phases I and II, DPT determined which respondents satisfied the minimum management,

operational and experience qualifications. In Phase III, each respondent that satisfied these minimum qualifications was requested to submit a bid on the per towed vehicle fee to be paid by the contractor to the City's General Fund.¹ This towed vehicle fee had to be a minimum of \$12.50 per vehicle and would be deducted from the \$90 per vehicle (equivalent to the \$120 towing charge less the \$30 administrative fee) that the towing contractor had previously been entitled to retain. DPT awarded the towing contract to City Tow, the highest responsive and responsible bidder, who bid \$15 per vehicle. Under the new contract, which commenced on June 1, 1994, City Tow now collects and submits to DPT the previously discussed \$30 per vehicle administrative fee, plus an additional \$15 towed vehicle fee, for a total of \$45 per vehicle. Therefore, City Tow now retains \$75 per vehicle for itself and its subcontractors, versus \$90 per vehicle under its prior contract with DPT.

According to Ms. Engberg, the purpose of the \$15 towed vehicle fee that City Tow must now submit to DPT is to generate additional General Fund revenue to the City without increasing the cost to the public of retrieving a towed vehicle. Given that DPT expects City Tow to tow approximately 63,000 vehicles in 1994-95, DPT estimates that the new \$15 towed vehicle fee charged to City Tow will generate approximately \$945,000 in additional revenue to the City in FY 1994-95. This \$945,000 amount has been included in the City's FY 1994-95 budget.

DPT estimates that only 45,000 of the 63,000 towed vehicles will actually be retrieved by their owners in 1994-95. As a result, no towing charges will be paid by these vehicle owners, and City Tow will not have to submit the \$30 administrative fee for the projected 18,000 abandoned vehicles. As such, DPT projects that the \$30 per vehicle administrative fee to be collected on the 45,000 vehicles retrieved by their owners will generate approximately \$1,350,000 of revenue for DPT in FY 1994-95, which also has been included in the City's FY 1994-95 budget. Ms. Engberg advises that City Tow will be required to pay the \$15 per vehicle towed vehicle fee on all 63,000 vehicles that it tows, even if such vehicles are abandoned by their owners and City Tow is therefore unable to collect the \$120 towing charge from the vehicle owner. Ms. Engberg cites that City Tow is often able to sell the abandoned vehicles and could therefore submit \$15 per vehicle of its sales revenue to DPT.

¹ The previously discussed \$30 administrative fee was not subject to bid.

Under City Tow's prior contract with DPT, City Tow paid the subcontractor who was charged with towing a vehicle \$50 per vehicle out of the \$90 City Tow retained.² Ms. Sandi Stringer of City Tow advises that under the new contract with DPT, City Tow decided to divide the \$75 now retained by City Tow equally between itself and the subcontractor who is charged with towing the vehicle, so that each party receives \$37.50. As such, City Tow's subcontractors currently receive 25 percent or \$12.50 per vehicle less than under City Tow's prior contract with DPT, while City Tow receives 6.25 percent or \$2.50 per vehicle less, as reflected in the table below.

	Previous Tow Charges Retained by City Tow and its Subcontractors	Current Tow Charges Retained by City Tow and its Subcontractors	Reduction	Percentage Reduction
City Tow	\$40	\$37.50	\$2.50	6.25
Subcontractor	50	37.50	12.50	25
Total	\$90	\$75	\$15	16.67

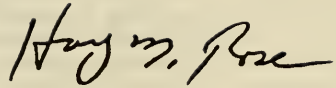
Ms. Engberg advises that the contract between DPT and City Tow does not set the subcontractors' rate of \$37.50 per towed vehicle and that this rate is determined by the contractor.

A survey of City Tow's ten subcontractors revealed that as a result of this 25 percent reduction, the subcontractors' employees have experienced reductions in their incomes. City Tow's ten subcontractors and their MBE/WBE status are as follows:

AA Quality Tow	MBE
Abram & Sons Tow	MBE
Big Guys Tow	MBE
Brickers Tow	---
Bill Wrens Tow	---
Courtesy Tow	MBE
Golden Gate Tow	MBE
Jones Tow	---
Mike's Towing	MBE
Western Tow	---

² In addition to the towing of vehicles by City Tow's own employees, City Tow subcontracts with ten towing firms.

Memo to Budget Committee
August 31, 1994



Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

**BOARD OF SUPERVISORS****BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

August 31, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: Impact of Further Budget Reductions Proposed by the Mayor

In response to your request of August 29, 1994, we have surveyed major General Fund supported City Departments in order to obtain a preliminary assessment of the impact of the Mayor's proposed budget reductions as communicated to the Board of Supervisors by letter from the Mayor on August 26 and subsequent memorandum to the Controller on August 29, 1994. We have also discussed these proposals with the Mayor's Director of Finance and the Controller.

The Mayor's Director of Finance has informed us that additional alternatives are being considered, and that such alternatives may be presented to the Board of Supervisors at a later date.

The Controller has stated that until legislation rescinding appropriations in specific amounts is received from the Mayor for consideration by the Board of Supervisors, the 1994-95 budget remains as approved by the Board of Supervisors, reduced by line item vetoes submitted by the Mayor on August 26, which were partially overridden by vote of the Board of Supervisors on August 29, 1994.

Therefore, the 1994-95 budget currently anticipates \$9.6 million in revenue from increased Property Transfer Tax rates, a General Fund Reserve of approximately \$10.5 million (after accounting for the line item vetoes that were not overridden) and remaining expenditure appropriations as previously approved by the Board of Supervisors. Of this \$10.5 million General Fund Reserve, the Budget Committee has designated approximately \$1.0 million for Mental Health programs which have lost Federal Grant support in 1994-95.

If the Property Transfer Tax increase is vetoed by the Mayor, and no expenditure reductions are made to the Annual Appropriation Ordinance, then

the General Fund Reserve will be reduced to approximately \$900,000 (\$10.5 million reserve less \$9.6 million in lost revenue) and would be further depleted by any amount used to fund the aforementioned Mental Health programs. In order to restore the General Fund Reserve to a higher level therefore, some expenditure reductions will be required (unless alternative revenues are identified).

The Mayor's proposal of August 26, 1994 suggested the following adjustments to the 1994-95 budget in lieu of the Property Transfer Tax increase:

Increased 1993-94 Year-end Surplus Available to fund the 1994-95 Budget	\$2,000,000
Reduction to General Fund Reserve	1,000,000
Reductions to Police Equipment (\$500,000) Purchases and Uniform Overtime (\$500,000)	1,000,000
Reductions to Fire Department Uniform Salaries and Benefits due to delayed hiring of new recruits	1,000,000
Delayed implementation of new programs - Juvenile Probation	500,000
Citywide Increased Salary Savings and related Mandatory Fringe Benefits of .68 percent (\$4,200,000) and cuts to Miscellaneous Overtime (\$400,000) and Facilities Maintenance spending (\$700,000)*	<u>5,300,000</u>
Total	\$10,800,000

* Facilities maintenance includes additional reductions to Police (\$16,700) and Fire Department (\$87,800) budgets.

The remainder of this report discusses each of above items and their estimated potential impact on the operations of City departments.

1. Increased "Surplus" of \$2.0 million

The Controller states that he is unable to certify the availability of additional surplus funds at this time. It will first be necessary for the Controller to "close the books" on the 1993-94 fiscal year before the amount of any such surplus is determined.

2. Reduction to General Fund Reserve of \$1.0 million

The impact of this action would depend on the cumulative effect of the General Fund Reserve of all other budgetary adjustments. For example, if the amount of the reserve were to decrease from \$10.5 million to \$9.5 million, the fiscal impact would be less significant than if all of the other Mayor's proposed budgetary reductions were not taken which would then result in a much greater diminution of reserve levels.

3. Police Department Reductions

The proposed reduction to Police equipment purchases (\$500,000) will effectively eliminate the acquisition of new vehicles for approximately 270 Police Officers that have been hired in 1993-94 and will be hired in 1994-95. While no significant impact will occur this year because most of the new Officers will be in training, or riding with other Officers, the addition of such vehicles will become a priority in 1995-96.

The reduction to Police Uniform overtime appropriations (\$500,000) will fund the Department at a level that is below historical spending. The Department reports that it is achieving significant savings through reductions to court overtime by implementing a recommendation of the Budget Analyst's Zero Base Budget Analysis to improve scheduling through better coordination with Municipal Court. However, savings to court overtime spending by the Police Department was to be credited to the District Attorney's Office to cover an underfunding of current D.A. expenditures (see below). Therefore, this cut of \$500,000 would reduce the amount of any savings that could be applied to the D.A. budget gap by approximately \$200,000 according to the Mayor's office.

The Mayor's proposal also includes reductions to Miscellaneous salaries and benefits for the Police Department of approximately \$134,000. This will result in the necessity to hold an additional four non-sworn positions vacant for the remainder of the fiscal year. The Police Department states that this reduction will not impact the plans to increase and sustain staffing for 911 Communications Dispatchers.

4. Fire Department Reductions

According to a letter from Chief Medina of the Fire Department, a court order to postpone a planned Physical Abilities Test for 90 days will alter the 1994-95 hiring plan for new firefighter recruits. The Fire Department had originally planned to conduct three Fire College classes beginning in September, 1994, December, 1994 and May, 1995. The delay will result in two classes this fiscal year (beginning in January, 1995 and April, 1995), and according to the Fire Chief, result in expenditure savings of \$1.0 million.

5. Juvenile Probation

The Mayor has proposed a delayed startup of two new programs, the Single Repeat Offender program and the Interim Home Supervision program, which would reduce General Fund spending by \$500,000 in 1994-95. Although Federal Grant funds will be sought for these programs, it is unlikely that such grant funding will be secured this fiscal year.

Increased salary savings requirements of \$83,000 plus fringe benefit savings will result in the delayed hiring of 14 new staff included in the 1994-95 budget for approximately six weeks to two months. This delay will increase the need for overtime spending according to the Department. However, the Mayor's proposal also includes a reduction in Juvenile Probation overtime of approximately \$133,000 (approximately 42% of the overtime budget).

**INCREASED SALARY SAVINGS REQUIREMENTS, REDUCTIONS TO OVERTIME
APPROPRIATIONS AND REDUCED CAPITAL PROJECTS**

The Mayor's proposal includes the following recommended budget reductions:

Increased salary savings and fringe benefits	\$4,200,000
Reduced Miscellaneous Overtime Spending (not including Police Uniform Overtime)	400,000
Reductions to Facilities Maintenance Projects	<u>700,000</u>
Total	\$5,300,000

As of the writing of this report, City Departments have been largely unable to provide the Budget Analyst with full details of how they will address the reductions outline above. Some comments received thus far are discussed below.

District Attorney The proposed additional salary and fringe benefit savings of approximately \$127,000 will worsen a current budget gap of \$2.0 million, according to the District Attorney's Office. Also, according to the D.A.'s Office, current spending levels have not been reduced in order to address this underfunding, based on instructions from the Mayor. The \$500,000 reduction to Police Overtime will reduce any potential funding that would have been applied to the D.A. through savings in court overtime expenditures.

Controller The Controller's budget would be reduced by \$61,000 in salaries an fringe benefits and \$51,000 in overtime (42% of the Controller's overtime budget). The Controller reports that virtually all overtime spending is required to produce the bi-weekly payroll for City employees and that this reduction will impair the Controller's ability to meet such deadlines.

Department of Public Health

Increased salary savings and fringe benefit savings have been proposed in the following approximate amounts:

Community Health	\$ 280,000
Community Mental Health	223,000
Laguna Honda Hospital	548,000
San Francisco General	<u>903,000</u>
Total	\$1,954,000

As of the writing of this report, the Budget Analyst has received no information from the Department of Public Health on the impact of these budget reductions. The Mayor's Director of Finance reports that discussions are still being conducted on these proposed reductions and that the Mayor is hopeful of reducing the amount of these proposed cuts by \$1.0 million.

Municipal Railway

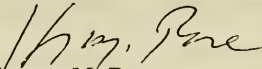
The Mayor has proposed increased salary and fringe benefit savings of approximately \$580,000 for Miscellaneous Municipal Railway employees (Muni Transit Operators have been exempted from these proposed reductions). The Budget Analyst has received no information from the Muni on the impact of this proposal as of the writing of this report.

However, a reduction of this amount would appear to have the affect of decreasing Muni equipment maintenance and consequently also have an impact on Muni services.

Recreation and Park

The Mayor has proposed increased salary and fringe benefit savings of approximately \$164,000 and reduced facilities maintenance of approximately \$65,000. Although no layoffs are expected, the Director of Recreation and Parks states that key positions will remained unfilled, that previously approved increases in the budget for swimming pool operations will be reduced and that improvements to Mission Playground will be delayed.

Social Services The Mayor has proposed increased salary and fringe benefit savings of approximately \$436,000. The DSS estimates that such a reduction could necessitate a reduction of as many as 14 funded positions, although no layoffs would likely be necessary. The impact on actual services has not been determined, although 63% of the Department's current number of vacant positions are direct service providers.


Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

